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ATION'S

BUSINESS



JUNE • 1935

**Business Drafts a Program
to Speed Recovery**

**Who Owes the U. S. and
How Much?**

E. S. Duffield

265,000 CIRCULATION

PUBLISHED BY THE CHAMBER OF COMMERCE
OF THE UNITED STATES • WASHINGTON

YOUR LONG DISTANCE DOLLAR'S WORTH

1925

1935

FASTER SERVICE

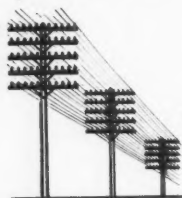
Ten years ago, your operator needed an average of 7.3 minutes to put through a Long Distance call.



Today, the average waiting time is only 1.5 minutes. Nine out of every ten Long Distance calls are completed while you hold the line.

MORE DEPENDABLE SERVICE

Service was more subject to interruption by wind, sleet and other elements, a decade ago.



Service interruptions from natural causes have been greatly reduced by the substitution of cable for aerial wire. In 1935, the Bell System has 12,500,000 miles of Long Distance lines in practically storm-proof cable.

MORE TELEPHONES WITHIN REACH

In 1925 there were 11,500,000 Bell telephones and 5,800,000 other telephones in the United States, Canada and Cuba to which you could be connected.



Now there are 13,500,000 Bell telephones and 17,300,000 other telephones in all parts of the world to which you can talk. By land lines or Bell System overseas service, 93% of the world's telephones have been brought within reach.

RATES REDUCED

A three-minute, station-to-station daytime conversation between Cleveland and St. Louis in 1925 cost \$3.10. The New York to Chicago rate was \$4.65; Boston to San Francisco \$17.25.



In 1935, the same calls cost: \$2.05 instead of \$3.10; \$3 instead of \$4.65; \$9.50 instead of \$17.25. Since the latter part of 1926, a series of reductions in Long Distance rates has saved many millions of dollars a year to telephone users.



SALESMEN SAY..

"It's the Most Economical Low-priced Car"



**ACTUALLY SAVES
12 TO 20%
IN GAS AND OIL**

ECONOMICAL! It's astonishing how much more mileage you get out of oil and gas with the big, new Plymouth.



THE HANDSOME, new Plymouth! It's the ideal business car. It's big and roomy. And everywhere salesmen testify, "It's the most economical car I ever drove."

Economical to run! New cooling and ignition permit the highest compression ratio in any low-priced car, without requiring premium fuel...cut the cost of gas and oil 12% to 20%...make Plymouth

the most economical full-sized car.

Economical to maintain! Valve seat inserts...an air-cooled, 15% bigger clutch...four-bearing crankshaft...28 anti-friction bearings...self-equalizing hydraulic brakes...patented Floating Power engine mountings—all help keep costs to a minimum.

And genuine hydraulic brakes and a safety-steel body make this smart, new

Plymouth the safest low-priced car on the road. While scientific weight distribution (on the principle pioneered by the famous "Airflow" cars) makes it the most comfortable.

Compare the new Plymouth with other leading low-priced cars. See it at your Chrysler, Dodge or De Soto dealer.

*Only Plymouth gives
you All Four:*

1. GENUINE HYDRAULIC BRAKES
2. SAFETY-STEEL BODY
3. WEIGHT RE-DISTRIBUTION
4. 12% TO 20% LESS GAS & OIL

PLYMOUTH *Now only* **\$510**

AND UP
LIST AT FACTORY
DETROIT

Nation's Business is published on the 30th of every month by the Chamber of Commerce of the United States. Publication Office, Washington, D. C. Editorial, Advertising and Circulation Offices, 1615 H Street, N. W. Washington, D. C. Subscription price \$3.00 one year; \$7.50 three years; 25 cents a copy. Entered as second-class matter March 20, 1920 at the Post Office at Washington, D. C., additional entry at Greenwich, Conn., under the Act of March 3, 1879.

HIGHER SHOULDERS—WIDER, DEEPER NON-SKID TREAD—MORE RUBBER ON THE ROAD

These Truck Tires Will Cut Operating Costs for You

FIRESTONE has constantly been the pioneer and leader in the development of balloon tires for trucks, and in the New Firestone Truck Tire for 1935 we have incorporated improvements that enable you to maintain uninterrupted schedules at higher speeds—at lowest cost per mile.

A new tread compound has been developed, which is *tougher and longer wearing*. The tread has been specially designed with higher, more rugged shoulders and wider, deeper non-skid, with *more rubber on the road*. It is possible to hold this thicker tread to the Gum-Dipped cord body because of the patented Firestone construction of two extra layers of Gum-Dipped cords under the tread. These improvements give you *greatest blowout protection and non-skid safety* for the higher hauling speeds of today.

Call on the Firestone Service Store or Firestone Tire Dealer in your community today. Let him show you how these amazing new tires will help cut your operating cost and give you *more dependable service*.

★★★★★ Listen to the Voice of Firestone—
featuring Richard Crooks, Gladys Swarthout, or
Nelson Eddy—every Monday night over N.B.C.
—WEAF Network . . . A Five Star Program

See your nearest
Firestone Service
Store or Firestone
Tire Dealer for
today's prices on
these tires



SPECIFY FIRESTONE TIRES ON YOUR NEW TRUCKS

FIRESTONE AUTO SUPPLIES FOR TRUCKS AND BUSES



**FIRESTONE
OLDFIELD TYPE**
The tire that taught thrift to
millions

**FIRESTONE
SENTINEL TYPE**
Volume production tire for
light trucks



**EXTRA POWER
BATTERIES**
20% more starting
power for every
Trucking Service



**FIRESTONE HEAVY
DUTY SPARK PLUGS**



**FIRESTONE
FAN BELTS**



**FIRESTONE
BRAKE BLOCKS
AND LINING**



RADIATOR HOSE

Firestone

*Business welcomes
a practical idea!*

The New Monroe VELVET TOUCH

*Listing and Bookkeeping Machines
won Instant Approval*

THE Velvet Touch action, the speed, the convenient desk size, the sturdy simplicity of these new Monroe Listing, Posting, and Bookkeeping Machines made an instant hit with business houses, large and small. Here is a partial list of the many companies that are using these new Monroe machines.

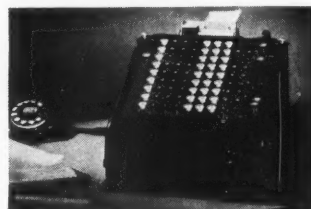
Aetna Life Insurance Co.
Aluminum Co. of America
American Bridge Co.
American Tel. & Tel. Co.
American Water Works & Electric Co.
Amoskeag Manufacturing Co.
Armour and Company
Best and Company
Borden Company
Byllesby Eng. & Management Corp.
Chicago Daily News
City of New York
Columbia Gas & Electric Corp.
Commonwealth Edison Co.
Connecticut General Life Ins. Co.
Consolidated Gas Co. of New York
Container Corp.
Continental Distilling Corp.
Cornell University
Henry L. Doherty & Co.
Dry Dock Savings Institution
Du Pont Company
Eastman Kodak Co.
Electric Bond & Share Co.
Erie Railroad
Firemen's Fund Indemnity Co.
General Cigar Company
General Motors
Goodyear Tire & Rubber Co., Inc.
Hershey Chocolate Co.
International Paper Co.
S. S. Kresge Company
Kroger Grocery & Baking Co.
Mutual Life Insurance Co.
New York Evening Journal
N. Y. & Queens Light & Power Co.
Ohio Bell Telephone Co.
Ohio Edison Co.
Oklahoma Cotton Growers Assn.

Passaic Nat. Bank & Trust Co.
Philadelphia Electric Co.
Pittsburgh Plate Glass Co.
Procter and Gamble Co.
Provident Mutual Life Ins. Co.
Prudential Insurance Co.
Publicker Commercial Alcohol Co.
Pure Oil Company
Radio Corporation of America
Riggs National Bank
Rockefeller Foundation
Royal Insurance Company
Jos. E. Seagram & Sons, Inc.
Shell Petroleum Company
Society for Savings
A. G. Spaulding & Bros.
Standard Oil Co. of N. J.
State of Arizona
State of California
State of Illinois
State of New York
State of Texas
Strathmore Paper Co.
Travelers Insurance Co.
Trust Company of New Jersey
Union Carbide and Carbon Corp.
United Central Life Insurance Co.
United Fruit Company
United Light & Power Co.
United States Government
U. S. Rubber Co.
Upjohn Company
Walker, Hiram & Sons, Inc.
Weirton Steel Company
Wellington Sears Company
Westinghouse Electric & Mfg. Co.
West Va. Pulp & Paper Co.
Winters National Bank & Trust Co.
F. W. Woolworth Company



VELVET TOUCH

In addition to the world-famous Monroe Adding-Calculator, the expanded Monroe line includes a wide range of listing, posting, and bookkeeping machines.



MONROE SIMPLEX LISTING MACHINE



MONROE SIMPLIFIED BOOKKEEPING MACHINE



MONROE MULTIPLE REGISTER POSTING MACHINE

Write for free copy

of the booklet "VELVET TOUCH"
MONROE CALCULATING MACHINE CO., INC.
ORANGE, NEW JERSEY

Factory Owned Branches in all Principal Cities

Put it down to ~~profit~~ and LOSS

A BUSINESS is only as big as its orders—and its ability to fill those orders! Men on the road may make sales consistently. But what if the plant at home, disrupted by a sudden, disastrous boiler explosion or power-equipment breakdown, must delay shipment or cancel? What should have been profit now turns out to be *loss*!

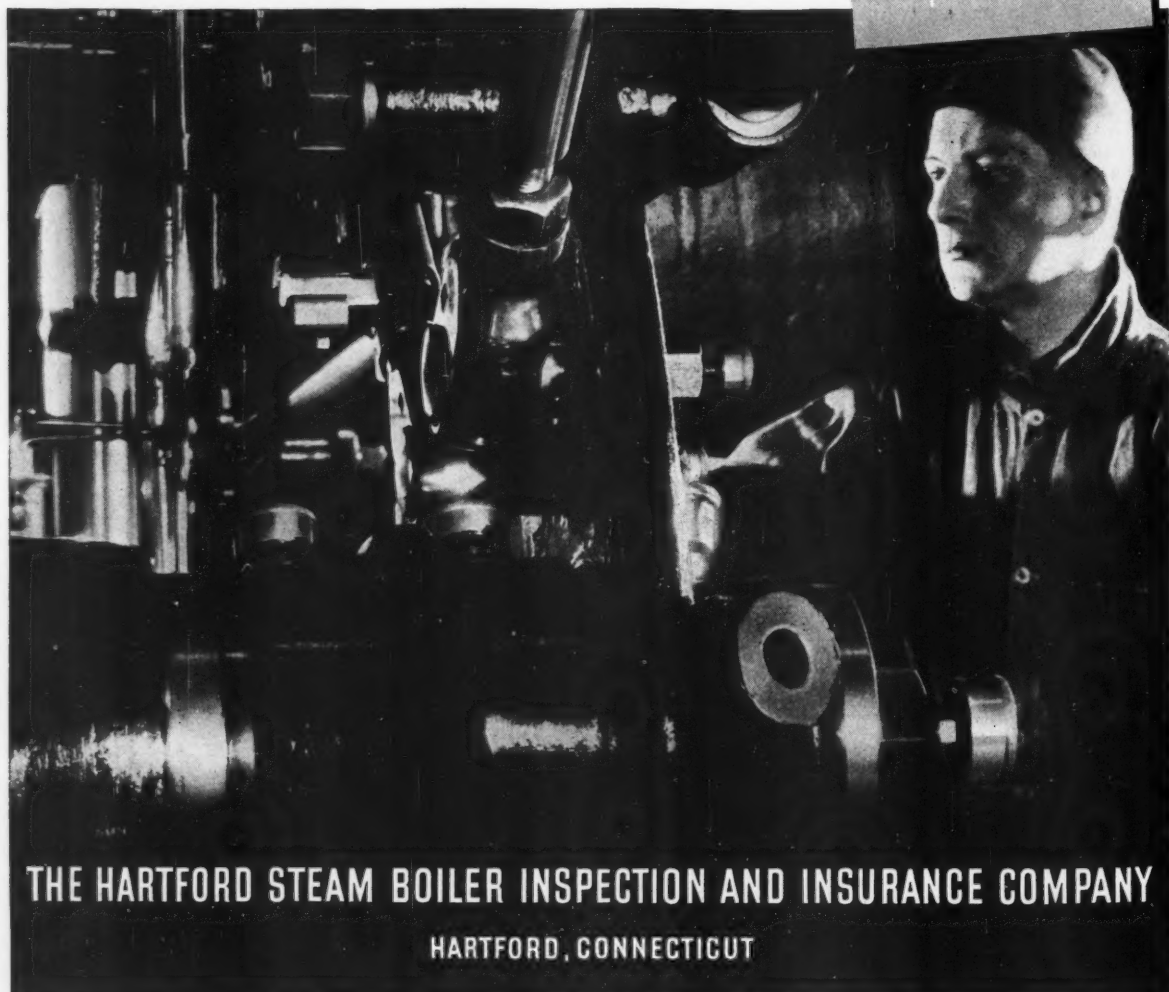
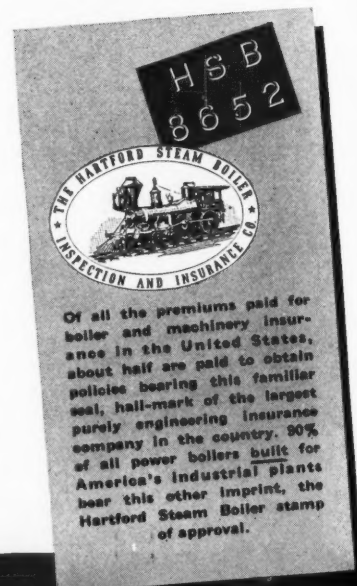
The business of Hartford Steam Boiler is to help keep the profitable business profitable! Thus, it *insures*. Second, it *inspects*.

It insures against loss from accidents to power, pressure or refrigerating apparatus—direct loss on boilers, turbines, engines, etc. It insures, also, against loss from interruptions such accidents cause.

A Hartford inspector examining an engine valve gear.

But Hartford Steam Boiler seeks first to *prevent* accidents. Over 350 inspectors, directed, guided by the largest engineering staff of its kind anywhere, periodically examine equipment insured by the Company. . . Hartford Steam Boiler has been wholly devoted to solving problems of power-plant safety throughout the sixty-nine years of its life. For this reason it is able to serve industry with an engineering organization most highly skilled and experienced in lessening power-plant accidents.

Your plant is running? Keep it running—safely. Telephone your local agent or insurance broker to come over with the Hartford Steam Boiler story. And put that call down to profit!



THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY

HARTFORD, CONNECTICUT

Contents for June . . .

In Every Avenue of national planning it is possible to detect more than the ominous shadow of a will to discredit success, to coddle the unworthy in the name of the "more abundant life."
Merle Thorpe.....p. 13

One Criticism of the Chamber's resolutions is that the Chamber only opposed, that it had nothing to offer for the betterment of the world. To this there are two answers: There was no obligation on the Chamber to offer a plan. The Chamber *was* constructive.
Warren Bishop.....p. 15

There's a Stronger spirit of rebellion among democratic members of Congress than at any time since the new deal started. The private talk among members is even more critical of New Deal policies than the public talk.
W. M. Kiplinger.....p. 21

When More and More manufacturers advertising consumer products can lose their Washington-made jitters and swing into their stride, then we will find that the pump has been primed.
Roy Durstine.....p. 24

There is Nothing more ridiculous than the statement that business men do not want to go ahead with the projects that mean reemployment of men, materials and money. They know that this activity is the very life-blood of their business.
Ernest T. Weir.....p. 27

The Child Labor provisions of the codes did accomplish something. They would undoubtedly have accomplished more except for two reasons: There was not much child labor and what there was happened to be where NRA could not get at it.
Paul McCrea.....p. 29

Employers Declare the Wagner Labor Relations Bill would practically guarantee the closed shop throughout industry and prevent bargaining between employers and minority groups of employees.
Paul H. Hayward.....p. 31

April Registered new strength elements with commodity prices leading. The Barometer of Business Activity remained relatively steady at practically the highest level in nearly four years.
Frank Greene.....p. 33

You Can Travel across the country on railroads that are in debt to the Government. From New York to Los Angeles you can cash your checks in banks partially owned by the Government.
E. S. Duffield.....p. 34

The Assumption that the scholar because he knows is in a position to act is an error which arises out of the failure to distinguish between the man of thought and the man of action.
Lane W. Lancaster.....p. 42

We Are Spending 16 per cent more per capita than Great Britain. The fact that we are paying less taxation for each individual means simply that we are putting off an evil day.
.....p. 82

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While YOU TRAVEL.. When YOU ARRIVE.. ON
Air-Conditioned TRAINS THROUGHOUT THE WEST

PIONEERING as always, the Western railroads now proudly lead the newest Parade of Progress... for they have completely air-conditioned their principal trains. Coaches and chair cars—as well as diners, sleeping cars, lounge and club cars will provide the healthful benefits and comforts which air-conditioning affords. All this without additional cost to the traveling public. Never in history has any form of transportation offered such travel luxury as this!

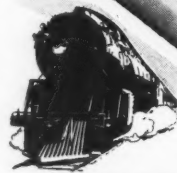
It's always fair weather aboard these principal western trains—no matter how hot or dusty or rainy it is outside. Cool, clean air always. Freedom from drafts. Freedom, too, from disturbing noises. Wear white linens if you wish.

Train Travel Costs Less

The Western Railroads recently cut their basic fares so that round trip tickets can be purchased at rates as low as 2c per mile for sleeping car travel and correspondingly low rates in coaches and chair cars. You know in advance what your trip will cost. *Your money goes farther on Western Railroads.* You know when you will arrive, for railroad schedules are swift and dependable. You rest in safety and comfort as you ride through the colorful panorama of the West.

See Nearest Railroad Representative

This summer, whether you travel in the West for business or on a delightful vacation trip, travel by train for safety and economy. Any railroad representative will gladly give you rates, routes, schedules—or interesting literature.



TRAVEL BY TRAIN

to American Rockies, Southwest, Old Mexico, California, San Diego Exposition, Texas Gulf Coast, Ozarks, North Woods and Lakes, Dude Ranches, National Parks, Pacific Northwest, Alaska, and Resorts of Every Character.

WESTERN RAILROADS

COOL • CLEAN • DEPENDABLE • QUIET • SAFE



RED RUST

...the robber

CONSIDER, if you will, how vastly we rely on metals in this mechanized age. Try to conceive the enormous investment the world has made in finished metalwork of every kind, shape and form. The figures are so huge as to almost destroy credibility.

But here are figures readily within our grasp. Corrosion, most destructive of the various agencies constantly robbing us of our investment in things metallic, alone costs the world an estimated two billions of dollars annually in replacement and prevention. Think of it! There is much ado about the Allied War Debts to the United States, but if this one simple chemical action, —the corrosion of metal,—could be wholly removed from the existing order, the entire debt would be offset in a mere six years.

Stainless' place in the sun

ONE DAY that will come to pass. Not in our time, but almost certainly within the next two centuries, the base metals—iron and steel—will have passed out of use as such. And in their stead, popular usage will enthrone the non-corrodible metals,—shining, durable, impervious,—led by that truly noble metal, stainless steel.

Improbable, you say? *But the move is under way!* In the short space of ten years, Allegheny, the pioneer, and other stainless steels have made tremendous gains in virtually every industry, and in the arts and sciences as well.

Too costly? But one pound of Allegheny Metal will do the work of two or three pounds of ordinary steel,—beside providing other large savings in increased efficiency, fewer interruptions and breakdowns, less costly foundation-work, etc. Moreover, the price of the metal will fall as usage—and production—increases through the years. *Unquestionably, the future belongs to stainless!*

.....

ALLEGHENY METAL—the time-tested stainless steel of universal application—is an exclusive product of **ALLEGHENY STEEL COMPANY**, Brackenridge, Pa., the largest tonnage producers of Stainless Steel in America. Complete stocks are carried by all Jos. T. Ryerson and Sons, Inc. Warehouses, and by Union Hardware & Metal Co., Los Angeles.

Allegheny Metal is licensed under Chemical Foundation patents 1,316,871 and 1,339,378.

ADVERTISEMENT

Through the Editor's Specs

Business in a democracy

JUST now, in connection with its annual meeting, from various political quarters comes the charge that "the United States Chamber of Commerce" represents only "big business." Such is not the case. It is, rather, a pure democracy. It is a federation modelled after our own political federation. It is composed of 1,700 organizations—chambers of commerce and trade associations—located in every state and representing every known business activity. No man, official, or group of men has the power or authority to speak for the wide-flung constituent members until those members themselves have spoken.

The birth of the Chamber was dramatic. A United States Senator, in 1911, rose in the Senate and said: "I received this morning a telegram from the chamber of commerce in my city urging me to vote against this bill, saying it would work a great hardship to the commerce of my state. This afternoon a telegram came from an association of business men in another part of my state urging me to vote for the bill, declaring it would greatly benefit our state and region.

"What," he exclaimed, "does business think?"

When the people's representatives in Congress, approaching business legislation, sincerely strove to fulfill the wishes of their constituents, conflicting voices answered. A locality looked upon a national question from its local point of view and voiced a narrow, local conclusion. An industry or trade studied a national question from its own particular viewpoint and presented an incomplete judgment. Each was honest and sincere, yet each unconsciously magnified self-interest and presented a restricted view.

Business as a national voice was inarticulate. True, it had its local, state and regional expressions, its specialized spokesmen. But the advice of Detroit and Boston and San Francisco was regarded with suspicion. The counsel of merchant and banker

and shipper and manufacturer was discounted. The more vigorous the advice, the greater the doubt. Names were called—"special pleaders of special interests," and the like. Popular journals cast discredit upon business men who offered suggestions to government, and often, quickfired popular clamor induced statesmen to steer another course. Needed counsel from the hard-bought experience of business on business questions was lacking. In its stead was a babel of voices, speaking a confusion of tongues.

No wonder the question was asked, "What does business think?"

To get an answer to this insistent question, President Taft and Secretary of Commerce and Labor Nagel, in 1912, invited business men and representatives of their organizations to come to Washington and work out a plan—a plan by which Government could get the unselfish advice and matured counsel of the business nation on the nation's business problems through a national clearing-house of business opinion. They came, and built the foundation upon which has been erected the greatest commercial organization in the world—a federation of business associations to serve every legitimate interest of business and to foster its development.

They took as their motto: "If it is not for the public good, it is not for the good of business."

Government commends

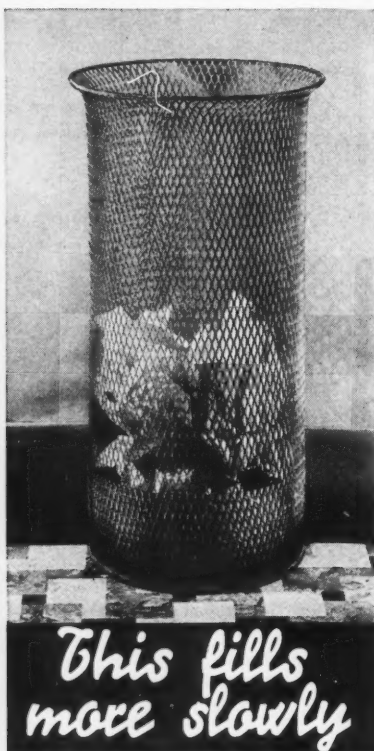
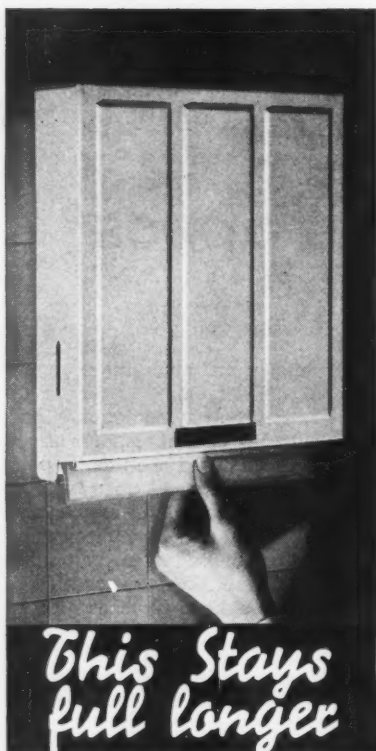
FIVE presidents of the United States have publicly commended the United States Chamber of Commerce. President Taft, a year before his death, said:

You have united together, in a common and effective purpose, the great body of intelligent and active business men of the United States, and you have furnished for the people of this country an instrument for the effective organization of public opinion that is and will continue to be of the highest benefit.

I am confident that the future of this organization will show it to be one of the non-official factors in the progress of this country.

Theodore Roosevelt said:

On more than one occasion I have ex-



... THAT'S WHY ONLIWON TOWELS ARE MORE ECONOMICAL

WHEN you come right down to it, the real basis for measuring paper towel economy is very simple. You can check it by the rate towel cabinets are emptied into the trash basket. And it is a fact that has been demonstrated time and again—that Onliwon Towels in Onliwon Cabinets do last longer.

Onliwon Towels are made specifically for the job of drying hands and faces thoroughly, pleasantly. They are soft, properly absorbent, and dispensed double-folded to make sure every inch of their ample drying surface actually gets used. This combination of features means Onliwon Towels are *right for their job*. It means that it takes fewer of them to do their work than the usual run-of-the-mill towels that look so attractive on the basis of price alone.

Onliwon Cabinets are easy to install and keep filled. They present one towel at a time ready for use and protect the remainder from dust and dirt as well as from careless use or theft. Genuine savings will result from installing both Onliwon Towels and Tissue in your washrooms. If no A. P. W. representative is listed in your phone book, write for samples: A. P. W. Paper Co., Albany, N. Y.

A. P. W.

THERE'S REAL SAVING IN ONLIWON TOWELS AND TISSUE

pressed my hearty belief in what the Chamber of Commerce of the United States is doing. For cooperation with the Government in fostering and developing foreign and domestic trade, such a great organization of business men and commercial associations is invaluable.

Your referenda are both educative and useful. They lay before Congress and the authorities in Washington the opinion of American business in regard to national problems affecting industry and commerce.

Woodrow Wilson said:

I am particularly glad to express my admiration for the kind of organization which you have drawn together.

It is very instructive and useful for the Government of the United States to have such an organization as you are ready to supply for getting a sort of consensus of opinion which proceeds from no particular quarter and originates with no particular interest.

Calvin Coolidge said:

I have been greatly pleased to observe the many evidences, indicating that the attitude of the Chamber of Commerce of the United States very accurately reflects that of public opinion generally.

Herbert Hoover said:

I am interested in everything that makes for the greater development of the United States Chamber of Commerce.

My belief is that if we can keep the Government away from the interpretation of facts and call in the business of the country, of which the United States Chamber of Commerce is one of our principal reliances, we can solve an infinity of our difficulties, which might otherwise go to legislation.

Judge on facts, not motives

WHEN business thus gives its counsel in the form of resolutions as to what it considers a sound policy for business recovery, it is foolish to brush aside such recommendations as having been inspired by "selfish groups." Common sense dictates, rather, that no one is more eager for business recovery than these business men themselves. No one is more eager to employ the unemployed, to pay higher wages and increase standards of living than the business man. His very success depends upon this condition. In this light, his judgment and counsel should be examined. It means much to the average man to have trade once more normal, where he can exchange his labor, services and commodities. But it means just as much to the business manager to have such a happy state of affairs return.

Resolutions distilled from the formal and informal discussions of the week reflect the deliberate judgment of a representative business organization as to the quickest and shortest and safest way back to normal buying and selling and living—in a word—recovery. They constitute a prosperity platform for the American people. They invite study and debate. They are the serviceable raw material for

the definition and articulation of public opinion, at once, the safeguard and the sovereign of democracy.

Is it necessary, then, to plead with intelligent readers of this magazine to examine the recommendations of the United States Chamber in cold blood, without emotion or partisanship? If they appeal to the common sense, what matter where they come from! They should be judged on their merits.

When a contract needs a friend

WHETHER the Ontario Government's decision to repudiate power contracts with private companies is "the most serious catastrophe that has occurred in Canada in many years," as one observer views it, the situation raises its own question of the good faith of public authority. One correspondent sees "the credit of every municipality, every province and of Canada itself adversely affected."

Canadian editorial comment points out that, if the Ontario Hydro-Electric Power Commission were privately owned and operated, and if it found itself in bankruptcy because of the signing of improvident contracts for wholesale power, its bondholders would be able to protect their interest by taking over the properties, writing down the debts and, through the bankruptcy courts, forcing a revision of its contracts.

Why this cannot be done is because "Hydro" is publicly owned. It follows that the credit of the province of Ontario is involved. Cancellation of power contracts by the Ontario Government qualifies the reputation on which all of its bonds, whether Hydro or not, must be issued in the future. Its purpose, seemingly, is to declare itself financially sound and an honest debtor, at the same time rid itself of a specified part of its obligations. How to designate its debts in order to accomplish that purpose is as much a matter of public ethics as it is a problem in public finance.

New sinews for iron horses

RAILROAD managements, for the most part, have surpassed the immortal Frenchman who answered "What did you do during the revolution?" with a triumphant response, "I survived." American railroads have not only survived. They have improved.

What it all means to the public is to be told in a cooperative advertising campaign sponsored by 26 western railroads. They have agreed that active salesmanship is a proper prescription to whet an appetite for travel. Comfort, convenience, cleanliness,



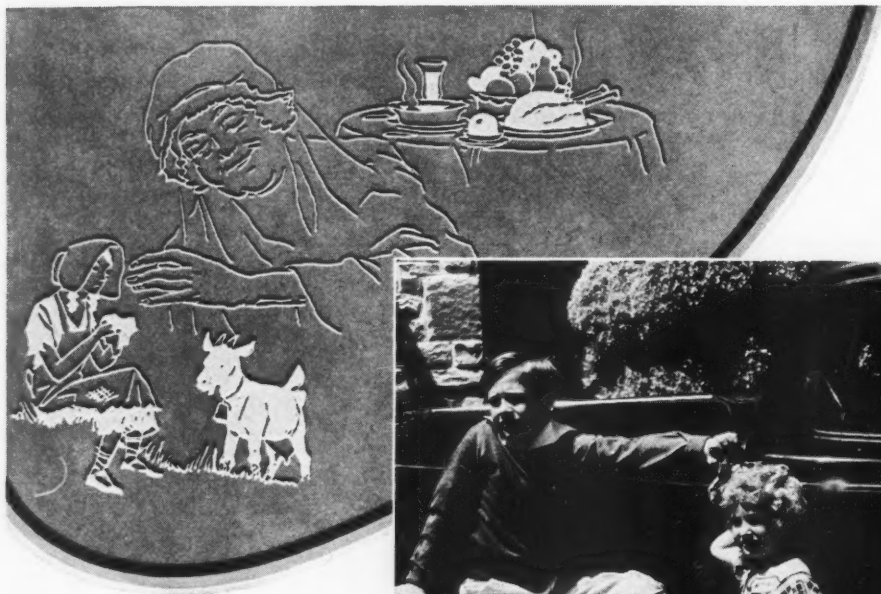
Your Doctor, your Lawyer and Me

"It's old-fashioned to wait until illness or legal tangles arrive before consulting the doctor or lawyer . . . equally old-fashioned to wait until after the accident to see your insurance agent. • As one of 6,000 representatives of the Standard Accident Insurance Company of Detroit, I offer you valuable professional counsel based upon years of experience . . . counsel that is as important to your welfare as that of your doctor and lawyer. • Some time soon I'd like to discuss your insurance and bonding problems with you. Let me analyze your needs and prescribe the proper protection. • My

service does not cease with your purchase of protection. Through the years I maintain watchful guard over your interests, recommending increases or decreases in coverage according to your needs. Should claims arise I am available for advice and help. • Naturally, I recommend insurance and bonds in the Standard of Detroit. This secure institution, with 51 years of service, has paid over \$139,000,000 . . . has over a million people under its broad wing of protection. Its reputation for prompt, fair payments is nation-wide. I am proud to represent the Standard."

Automobile Insurance • Personal Accident and Sickness • Burglary and Holdup • Plate Glass Breakage • General Liability (all forms) • Workmen's Compensation • Fidelity and Surety Bonds (all forms)

STANDARD
ACCIDENT INSURANCE COMPANY
of Detroit



Are you awake, little two-eyes?

THE ONE-EYED stepsister and the three-eyed stepsister were sitting pretty. They were personages—out of the ordinary. So they were coddled and made much of—well fed—well clad—living in ease. They were in the dough.

But Little Two-Eyes of the fairy story was only a normal, average sort of person, living a colorless, work-a-day life, until a bit of magic showed her how to step out and get things. From then on, her life was rosy.

Millions of good average citizens are drudging along drably today with eyes closed to the possibilities that lie before them through the magic of character and credit. In their minds, time payment financing seems a devouring ogre. In truth, it is a powerful, benevolent giant.

Think of what it has done for America within the span of twenty-five years. It has broadened markets, lowered costs and selling prices, increased production, created work

for armies of workers. It has enabled millions to buy and enjoy hundreds of modern devices for the promotion of health, comfort and happiness.

☆ ☆ ☆

Merchants who sell and individuals who buy on the time payment plan must make sure that *the company back of the system* has a history of integrity, fair-dealing and ample resources.

Commercial Credit Company was founded in 1912 with \$300,000 capital. Today its companies employ 1975 people and more than \$41,000,000 of capital and surplus, financing more than \$417,000,000 of sales in the past twelve months. Its charge for service is moderate. It carefully supervises collections to protect

both buyer and seller from any loss.

Its ever-increasing operations have played a major part in opening vast markets for American manufacturers, stepping up production, decreasing costs and selling prices, making jobs for millions of workers. Without such a financing service, American industry would move at a snail's pace—labor would be a drug on the market.

☆ ☆ ☆

How Commercial Credit Company Serves Buyer and Seller

Commercial Credit Company purchases current open accounts receivable, notes, and instalment lien obligations from responsible Manufacturers, Distributors and Dealers. Financing plans are provided to cover the time payment sale of automobiles, trucks, refrigerators, oil burners, machinery and equipment, air conditioning units, heating plants, store and office fixtures, boats and a score of other such broad classifications, including hundreds of individual products. The service is national in scope, yet completely local through one hundred and forty-two offices located in the principal cities of the United States and Canada.

COMMERCIAL CREDIT COMPANY

COMMERCIAL BANKERS

CONSOLIDATED CAPITAL



Headquarters BALTIMORE

AND SURPLUS \$41,000,000

Wherever You Are • Whatever You Make, Sell or Buy • Use Commercial Credit Service

and quiet are topical texts in this timely evangelism to promote decisions toward vacation trips by rail. Along with the lively accent on new facilities, revealed in air-conditioning and streamlining, the campaign will emphasize rates scaled to depression budgets.

That the problems of the organized transportation services are complicated by the very progress to which they must look for sustaining revenue is obvious. New means for carrying passengers and freight raise issues of regulation in the public interest. How the railroads have developed and modernized their facilities within the close-knit framework of limitations administered by the Government is a worth-while story of business resourcefulness, as inviting as it is informative.

Two Supreme Court decisions

TWO extracts from recent decisions of the United States Supreme Court might well be read together. One is an extract from Justice Cardozo's prevailing opinion in the West Virginia chain store sales tax case:

The state may tax the large chains more heavily than the small ones, and upon a graduated basis, as indeed we have already held. Not only may it do this, but it may make the tax so heavy as to discourage multiplication of the units to an extent believed to be inordinate, and by the incidence of the burden develop other forms of industry.

In principle there is no distinction between such an exercise of power and the statute upheld in *Magnano Co. v. Hamilton*, whereby sales of butter were fostered and sales of oleomargarine repressed. A motive to build up through legislation the quality of men may be as creditable in the thought of some as a motive to magnify the quantity of trade. Courts do not choose between such values in adjudging legislative powers. They put the choice aside as beyond their lawful competence. "Collateral purposes or motives of a legislature in levying a tax of a kind within the reach of its lawful powers are matters beyond the scope of judicial inquiry."

The tax now assailed may have its roots in an erroneous conception of the ills of the body politic or of the efficacy of such a measure to bring about a cure. We have no thought in anything we have written to declare it expedient or even just, or for that matter to declare the contrary. We deal with power only.

In this case, Chief Justice Hughes and Justices Brandeis, Stone and Roberts stood with Justice Cardozo.

In the more recent railroad pension case Justice Roberts, writing the prevailing opinion, declaring the law unconstitutional said:

The theory is that one who has an assurance against future dependency will do his work more cheerfully, and therefore more efficiently. The question at once presents itself whether the fostering of a contented mind on the part of an employee by legislation of this type

is in any just sense a regulation of interstate transportation.

If that question can be answered in the affirmative, obviously there is no limit to the field of so-called regulation. The catalog of means and actions which might be imposed upon an employer in any business, tending to the satisfaction and comfort of his employees, seems endless.

Provision for free medical attendance and nursing, for clothing, for food, for housing, for the education of children and a hundred other matters, might with equal propriety be proposed as tending to relieve the employee of mental strain and worry. Can it fairly be said that the power of Congress to regulate interstate commerce extends to the prescription of any or all of these things?

Is it not apparent that they are really and essentially related solely to the social welfare of the worker and therefore remote from any regulation of commerce as such? We think the answer is plain. These matters lie outside the orbit of Congressional power.

In this decision Justice Roberts was supported by Justices Van Devanter, McReynolds, Sutherland and Butler, while the Chief Justice wrote a vigorous dissenting report.

It is interesting to compare the two points of view but it must be remembered that what Justice Roberts could uphold in the West Virginia case was a state law; what he ruled against in the railroad case was an abuse of the powers of Congress.

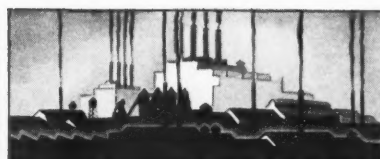
À la general shoppe

FROM Kansas comes word that the general store, where coal oil and calico, pitchforks and peas could be bought, is again thriving in the towns of the Middle West. Nothing is missing from these once familiar establishments except the open cracker barrel. How this new lease of life came about is told by a rural merchant.

"A general store is the only kind to run in a little town," he said. "You don't have to wonder if somebody will come in. You sell something every day instead of once in a while like they do in these specialty shops."

Many of the new general stores are former specialty stores with lines expanded and diversified. Hardware dealers have added work clothing and shoes, gift items and furniture. Men's clothing shops have added sporting goods and lines of women's apparel.

Not to be outdone by the "carry everything" stores in the cities, the small town merchant is following their lead. No longer do globes of colored liquids brighten his windows. The new stores have gone modern with flashing electric signs. Pharmacy is honored with the old line "prescriptions carefully compounded," but the customer who wants a sandwich, a radio set, or a popular novel can be accommodated. The man who runs a general store nowadays has to be a specialist in the plural.



From the FACTORIES and WORK SHOPS of 22 countries

DO YOU know that—twice each year—you have the opportunity to inspect all the latest offerings in your lines from the whole civilized world? It can be done in less than one week's time.

The 700-year-old Leipzig Trade Fairs—held each Spring and Fall—make possible this tremendous profit opportunity. The Spring Fair (held in March) showed an increase of 82% in American Buyers, over the previous Spring Fair. The Fall Fair of 1935 will open August 25th.

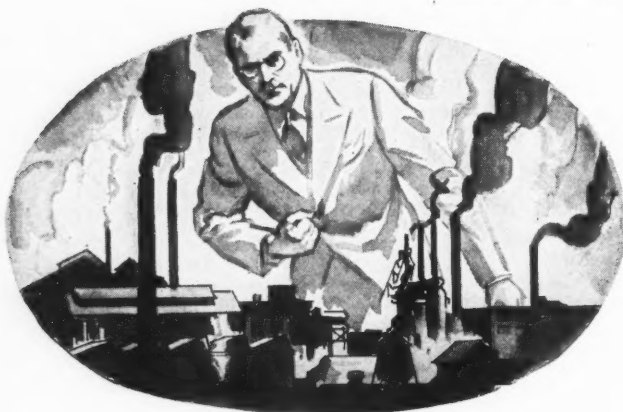
We urge you to communicate with us for complete information on the lines in which you are interested. The trip to Leipzig and return can be made comfortably in three weeks' time, and for as little as \$350.00.

In the *General Merchandise Fairs*, some 5,000 exhibitors will show every possible item for department stores and specialized stores. In the *Building, Home and Industrial Equipment Fair*, there will be 1,000 exhibits of interest to manufacturers, engineers and architects. 37 gigantic Fair Palaces and 17 Exhibition Halls are required to house all these exhibits—yet the lines are conveniently grouped and displayed to save your time and make comparison easy.

Special courtesies and travel discounts are available to Fair visitors. Let us tell you about them. Please write for Booklet No. 23, giving a more detailed picture of the Fairs. Our New York Office—or an Honorary Representative in your vicinity—will be glad to co-operate in every possible way. Leipzig Trade Fair, Inc., 10 East 40th Street, New York City.



LEIPZIG TRADE FAIRS



Business is growing strong!

ONE of the most hopeful portents of the times does not appear in any index of rising commodity prices—car loadings—bank deposits—or business volume—though it actuates all of them.

It is the human factor—the stamina, the resourcefulness, the daring of the men to whom business looks for leadership.

If adversity has put business leadership to rigorous test—it has also provided a rigorous course of training. If it took off the fat—it toughened the spirit.

The most significant fact in the present situation is that *business is growing strong* and in the driving power thus engendered are the makings of the new prosperity beginning to manifest itself today.

In our own business, we have witnessed the operation of this toughening process.

Deliberately, we set ourselves the job of surpassing our past accomplishments in manufacture, and launched the largest program of product development in the history of this company.

Out of this program came many advances. One was the Airwheel★, of which Goodyear's production is greater than that of all other makes of super-soft tires combined. Another was the "G-3" All-Weather, which has outsold any other tire in the world during the past year, and is now in the midst of its second successful season.



THE GOODYEAR
"G-3" ALL-WEATHER

W. L. Mitchfield
PRESIDENT,

THE GOODYEAR TIRE & RUBBER COMPANY, INC.

★AIRWHEEL is Goodyear's trade-mark, registered in the U. S. A. and throughout the world, and is used to denote that Goodyear is the exclusive maker of AIRWHEEL Tires

THE GREATEST NAME IN RUBBER
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NATION'S BUSINESS

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A MAGAZINE
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BUSINESS MEN
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The Forgotten 40 Million

OF ALL the phrases coined by the recovery evangelists, none has attained wider currency than the political image of "the forgotten man." This symbolic American is used on every occasion, to support every "plan." That he is dressed up to suit any particular argument becomes readily apparent to anyone who takes the trouble to meet this neglected individual as revealed by his discoverer, Professor William Graham Sumner in 1885. To him, he was

The simple, honest laborer ready to earn his living by productive work. . . . Independent, self-supporting and asking no favors. . . . Wanting to make a contract and fulfill it with respect on both sides and favor on neither side. . . . A man who must get his living out of the capital of the country, getting a better living the larger the capital is.

How far the advocates of "social justice" have departed from the Sumnerian concept is at once suggested by the direction of public thinking today which popularizes penury and penalizes thrift. In every avenue of national planning it is possible to detect more than the ominous shadow of a will to discredit success, to coddle the unworthy in the name of "the more abundant life," to dignify shiftlessness and downright laziness with the specious label of "underprivileged."

We lose sight of the fact that the hard money for social ideals must come from the citizens who earn, those who consume a little less than they produce, those who sacrifice to save. This is true, whether the bill be paid by taxes through political machinery, or by voluntary contributions. No matter through which conduit it flows it must come ultimately from "middle-class America," from the thrifty, productive, conserving army of men and women. You see them all about you, these real forgotten men, the self-starting, self-winding folks, who still have enough of the country's original backbone in their systems to tread bravely the hard road which alone will lead to genuine recovery.

Nor are the constituents of this sustaining

group mere figments of fireside fancy. They are among the 40,000,000 "gainfully employed." They are the small "capitalists," the people who have backed their belief in business, banks and insurance. They are the home-owners, those with savings in stocks and bonds, buyers of automobiles and the other good things of life. They are the workers everywhere

on forge and farm and mine and bench

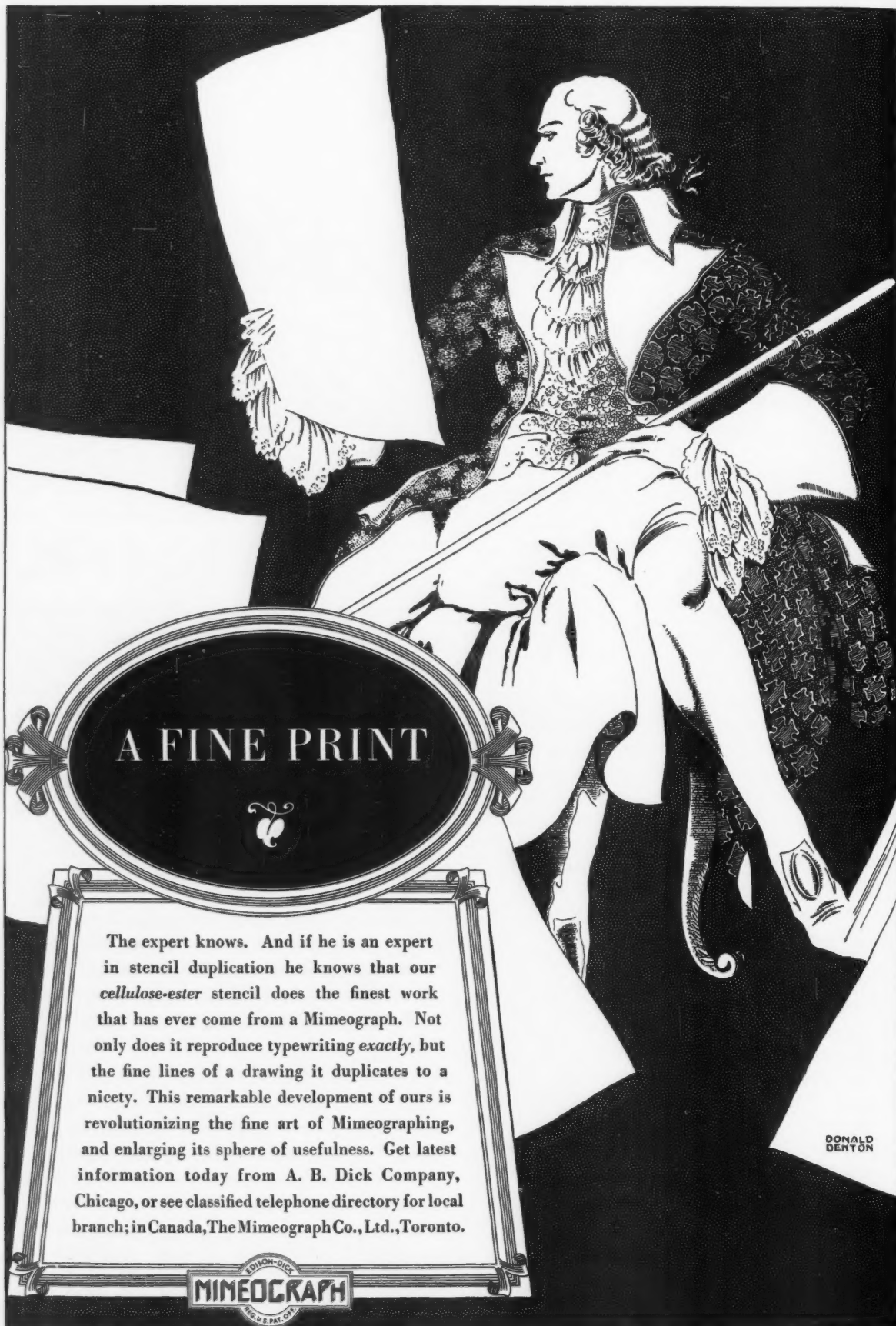
who, patient and unwhimpering, are carrying on. They are the American standard of living in the flesh.

To feel that "like the cotton in the South and the grains in the West, the white collars are being plowed under in an excess of experimentation," may be as premature as it is alarming. What is immediately in view is the danger of making pauperism an American custom at the expense of individual competency.

This great intermediate group of citizens may be willing to serve as the cannon fodder of the social planners. Who is there to test patriotism by income! The unemployed, the destitute, the worker on a bare subsistence wage, the farmer on drought-ravaged land have no monopoly of anxiety, loss and sacrifice. On the hard path to better times these 40 million citizens lying between the extremes of affluence and poverty are bearing burdens all the more exhausting because of the aggressive apathy in high places.

Whether it be reliance on their own resourcefulness or the salty lesson of experience, the members of the great middle classes expect no Samaritan. They look to themselves for succor. They are the country's real forgotten and neglected. Their tragedy is that they are remembered only when their earnings and their savings are needed to make good the promises spawned in political laboratories.

Mere Thorne



A black and white illustration of a man in 18th-century attire, including a powdered wig, a ruffled cravat, and a patterned coat. He is holding a large, blank sheet of paper in his right hand and a quill pen in his left. The background consists of large, stylized geometric shapes, possibly representing architectural elements or a modernist design. The overall style is a blend of historical illustration and modern graphic design.

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NATION'S BUSINESS

June • 1935



Business Drafts a Program

By WARREN BISHOP

Managing Editor, Nation's Business

THE ACTIONS taken at the Twenty-third Annual Meeting of the U. S. Chamber of Commerce have been variously interpreted. Here is an appraisal in which are included some significant points that frequently have been overlooked

AT ITS Twenty-third Annual Meeting, the United States Chamber of Commerce adopted a series of resolutions—a platform for American business—which opposed some Administration measures and suggested more time for consideration of others.

There was an outbreak of headlines:

CHAMBER DENOUNCES PLANS OF NEW DEAL
BIG BUSINESS SPLITS ON ROOSEVELT
BLOW OF CHAMBER AT POLICIES . . .
U. S. CHAMBER VOTES CONDEMN NEW DEAL

How far were these headlines justified? That question can best be answered by a chronological recording of a week of current economic history in these United States.

On the night of Sunday, April 28, the President turned to the radio and urged the adoption of:

1. The program for Social Security.
2. The bill to extend the life of the National Industrial Recovery Administration.
3. The bill for "the elimination of unnecessary holding companies in the public utility field."
4. "Legislation providing for the regulation of interstate transportation by buses and trucks, to regulate transportation by water . . . for strengthening our Merchant Marine and air transport . . . to enable it (the I. C. C.) to carry out a rounded conception of the national transportation system in which the benefits of



HARRIS & EWING

Harper Sibley, the Chamber's new president, lives in Rochester, N. Y. His business connections include banking, mining and lumber mill operations as well as agricultural interests



GEORGE LOHR

A few of those who attended the annual banquet. The long table in the center is one of those reserved for the guests of honor



GEORGE LOHR

Secretary Morgenthau and Silas Strawn give the speaker close attention



HARRIS & EWING

Henry J. Allen, of Kansas, the banquet speaker

private ownership are retained, while the public stake is protected."

5. Certain proposals to amend the Federal Reserve Act.

How did the Chamber of Commerce resolutions, adopted four days later, deal with these questions? Let's take them one by one:

As to the Social Security program, the Chamber questioned "the propriety as well as the constitutionality of any effort by the Federal Government designed to take jurisdiction over the subject matter of this proposed legislation" and asked the postponement of "further legislative action until the next session of Congress."

As to NRA, the Chamber would let the present Act die, but would, before it dies, pass a bill to "permit voluntary codes of fair competition by industries actually engaged in interstate commerce and provide that industries which submit codes be required to agree to minimum wages, maximum hours of labor, and abolition of child labor; that code approval and administration be under the general jurisdiction of a quasi-judicial body; and that there be no provisions for imposing or amending codes by executive or administrative authority, although such authority should have the right to terminate approved codes. New legislation also should permit agreements between competitors which, upon receiving gov-

ernmental approval, would be free from penalties of the antitrust laws."

As to holding companies, the Chamber reiterates its belief in the regulation of public utilities but opposes the "utility bill of 1935."

As to transportation, there is no serious difference between the President's statement and the Chamber's declaration.

As to proposals to amend the Federal Reserve Act—in other words, Title II of the pending banking bill—the

Chamber is definitely opposed. Business fears that "the centralized control of credit resulting from such a fundamental change would amount to little short of political dictatorship over the individual deposits and credits of our people." Again the Chamber suggests time for consideration.

The President spoke on Sunday evening; the Chamber adopted its platform on Thursday at mid-day, and that afternoon members of the Business Advisory and Planning Council of the Department of Commerce, led by Secretary Roper, called on the President and told him what they thought. This meeting of the President and his advisers was widely hailed as "a break between the Chamber and the President."

In considering that assertion it is fair to remember

that the Advisory Council is, after all, a group chosen by the Administration and that the points on which the council disagreed with the Chamber were few. The visitors presented two resolutions. One we are told "approved in a general way the social security program condemned in a Chamber resolution." The text of this resolution has not been made public. The other called for extension with modifications of the National Industrial Recovery Act, whereas the Chamber asked for a new act to take the place of NIRA. These two proposals are not far apart. The Council objected to pending labor bills.

Business didn't "split"

NOTHING was said immediately after the meeting as to the Council's position on the banking and holding company bills which the President had urged, but later it developed that the Council was in opposition to those measures. In short, as to the five measures urged by the President the differences between him and his advisers was wider than the differences between the Chamber and the advisers.

So much for the widely advertised "split" in business.

The President, both to his councilmen visitors and to newspaper men the next day, questioned the extent to which the resolutions of the Chamber really represented the views of business. To discuss that, it is necessary to say once more that the Chamber is not an organization of individuals engaged in business; it is a federation of business organizations. They, or their delegates, are the voting members, the moving powers. There are 1,700 of these organizations, about two-thirds chambers of commerce and about one-third nationwide trade associations. Their opinion is collected by referendum, a rather long process, but giving plenty of time for

consideration; or by vote of their chosen delegates at annual meetings.

Prior to the annual meeting, resolutions may be proposed by member organizations and are then referred back to all the organization membership, but all such resolutions must be in the hands of the membership at least 40 days before the meeting. In other words, there is ample time for study and consideration. It is fair to say that most of the resolutions may be traced back to referenda; referenda which are months in preparation and weeks under consideration. The annual meeting resolution on NRA was in fact merely a repetition of a hard-fought referendum.

Chamber resolutions are not the impulsive act of a meeting stirred by platform orators. They are a reflection of a changing industrial point of view. Better to appreciate this, let's look back quickly over the meetings for 1933 and 1934. In 1933, Mr. Roosevelt had just taken office. New things were being proposed one after another like the explosions of a package of firecrackers. Business was ready to consider these new ideas, yet



Mitchell B. Carroll, New York, (left) Col. William Taylor, Wilmington, (center) and Lamot du Pont talk things over

This view of the registration desk shows a few of the earliest arrivals



not ready to swallow them whole. It declared:

Each trade association, representative of its industry or branch, in accordance with its conditions and in conference with the appropriate agency of the Government, should be permitted to promulgate fair rules for industrial production and distribution, to improve the status of labor, the industries of the nation, and the public welfare.

Federal legislation affording opportunity for this form of self-regulation under government supervision would produce conditions which would assure fair competitive opportunity to each enterprise and permit immediate increase in employment, raise earnings, and free

(Continued on page 76)



Conversations between sessions prove almost as helpful in getting a new slant on business problems as the formal discussions

Why Business Hesitates

I WELCOME the active and vigorous discussion of current problems which the country is now enjoying and I believe it is an evidence of returning economic health. As we review the situation we find some facts that are encouraging and others that are discouraging. We find a growing spirit of criticism of New Deal measures, not only from business but from all walks of life. No longer is the request of the President the law of the land. No longer is partisanship adjourned. No longer do all classes of people rally to his standard as they did when we were in the depths of the depression. This active discussion of current problems and this keen difference of opinion is, to my mind, evidence of real recovery and an indication that the crisis is passing. . . .

Business is justly apprehensive of the increasing interference of Government in the affairs of business, as exemplified in some features of the NRA, the AAA and the TVA; of the growth of our debts and taxes; of the ever-growing number of those on relief; of unsound labor laws; of the increased burdens that will suddenly be placed upon business by measures for the creation of social reserves, desirable in their idealism but unsound in some of their practical applications; of a destructive, rather than regulatory utility holding company bill; and of fantastic schemes for the sharing of wealth through taxation. . . . The problem that faces the country is such a restoration of business confidence that business activity may increase and the unemployed be set to work.

HENRY I. HARRIMAN

Retiring President, U. S. Chamber of Commerce

Listening

England's Recovery Plan

DURING the socialist administration, England had done practically everything in the way of relief expenditures that we have done. She primed the pump to the tune of several billion dollars, but she didn't tie the handle down. She left business untrammelled and confidence free to attain a full recovery.

Thus today when you ask Englishmen for the cause of the extraordinary recovery they



Good weather made a buffet lunch in the patio possible

put down as cause number one the balancing of the budget. This act they say restored confidence. There was a glut of idle capital waiting for a chance, even at the reduced interest rates which had been established. Thus when ample capital and a restored confidence began a new partnership in business, they brought about the fulfilment of a very old miracle.

HENRY J. ALLEN

Former U. S. Senator from Kansas

Where Profits Disappear

ADMINISTRATIVE laws are being enacted in increasing numbers—laws whereby departments, bureaus or individuals are given powers which were intended only for Congress and the courts. The result is confusion. We know not what the law will be tomorrow.

The workings of the Vinson Act show what happens when Congress passes such an Act. This Act limits the profit on navy contracts to ten per cent after costs have been checked by the Secretary of the Navy and the Secretary of the Treasury. The Secretary of the Navy

in as Business Speaks

Pertinent paragraphs from annual meeting speeches

has passed on to the Secretary of the Treasury the job of performance under this provision. The Secretary of the Treasury has delegated determination of profit to the Bureau of Internal Revenue where some individual will give the interpretation.

Since the Act was passed, the Bureau has made the following interpretations covering items which may not be included in establishing the cost on which the profit is to be based:

1. Selling expense is not part of cost.
2. Federal income taxes not cost of performing contract.
3. State income taxes not cost of performing contract.
4. Allowance for interest on invested capital not cost of performing contract.
5. Interest on borrowed money not cost of performing contract.
6. Interest on funded debt not cost of performing contract.
7. Administrative expenses and salaries impossible to apply directly to product; subject to audit to determine if reasonable.

The practical effect of eliminating these standard

charges used in all organized business practice is to bring the real profit down to between four and five per cent. Undoubtedly, as time goes on, other things will be excluded and it is apparent that ultimately no profit will be left.

JOHN W. O'LEARY

President, Machinery and Allied Products Institute

Business is Safe

A CAREFUL analysis will show that the majority of readjustments initiated under the New Deal program find precedence and guidance in past experiences in our history. The breadth of this corrective treatment required the application of readjustments in such broad fashion as to create an impression in many quarters that widespread reform would soon remake the entire economic and social basis of our nation. This generalization is misleading, because an unbiased analysis will reveal that

William Dawes (with cigarette) Chamber director, renews old friendships and forms some new ones

A few of those who heard Mr. Harriman's suggestions for a recovery program at the opening meeting



both functionally and institutionally there has been less change in basic, underlying factors than the natural dramatization of the recovery program implies.

... Let us not overlook the fact that the legislative and regulatory efforts of this era are not intended to destroy business but to find ways of protecting all concerned against acts and agencies which, if left unguarded, will utterly destroy our democratic civilization. All should expect errors and hardships to result in such an important readjustment period. But every effort must be made to alleviate and speedily correct such hardships. This can be done where business and industry and government work and maintain cooperative attitudes.

DANIEL C. ROPER
Secretary of Commerce

Our Constitution Challenged

I VENTURE the opinion that the best thing about NIRA, NRA, the Blue Eagle and the administration of them, is the fact that public sentiment has repudiated them. The people have tired of the bungling effort of Washington bureaucracy to regiment American business. The effort to impair the rights of the states, the effort to concentrate power in Washington, the effort to enlarge the authority of the President, the effort to bypass the Constitution, have challenged the foundation of our Constitutional system.

C. B. AMES
Chairman of the Board, the Texas Company, New York

Business Asked for Help

MUCH has been said about government control of business. I wonder if those who express their fears that the Government wishes to superimpose its will on private enterprise have forgotten the invocation and supplication to Washington that it "do something" about the plight of industry. I am not unmindful of the dangers of government bureaucracy, nor do I ignore the grave implications which any form of government supervision involves. In fact, from my close knowledge of government administrative operation of those functions which have been exclusively the prerogative of private en-

terprise, I have constantly recommended that industry set its own house in order without external assistance. I have asked industry to reduce its demands to a minimum. However, there are serious, basic and insuperable obstacles to our economic structure which industry itself has declared itself impotent to deal with. It has pleaded for government assistance. I regret the necessity for government aid, but I believe we should be realistic....

Many government interventions have been injected into the business mechanism at the urgent and insistent demand of industry itself. It can hardly be gainsaid that, where government aid is invoked for the adoption and enforcement of fair trade practices, the Government should and must, by reason of its responsibility to the public interest, exert just that amount of supervision which the administration of the fair trade practices demands. It seems highly advisable to maintain as much voluntary action within industry as is possible and voluntary agreements for enforcement of the provisions by devices such as liquidated damages for violation should be definitely encouraged.

Certainly the NRA cannot be made an instrument for cooperation and constructive benefit to society if industry is reluctant to use the opportunity afforded it.

WILLIAM P. WITHEROW
*Member, National Industrial Recovery Board
Former President, Witherow Steel Corporation*

We Cannot Build a Wall

THE history of the world is strewn with economic wrecks of price fixing projects and this nation, great as it is, cannot run counter to the immutable law of supply and demand. We cannot build a wall around America if we are to fulfill our manifest destiny of providing food and clothing for the world.

JOSEPH W. EVANS
Evans & Company, Houston, Tex.

The Menace of Pensions

THE existence of this (old age benefits) reserve, even on paper, is a serious menace. It will prove an irresistible temptation to politicians. When the reserve grows, demands will certainly be made to increase the benefit payments and reduce pay roll levies. So also, the existence of such a fund will prove a bar to a reduction in the government debt. On the other hand, the fund will almost certainly be borrowed upon for other purposes. This has already happened to the Federal Employees' Retirement Fund, to which the Government now owes a huge sum, and is the common experience of all units of government where earmarked funds, sinking funds and the like are frequently raided.

Wholly aside from the size of the figures involved, the magnitude of this new federal incursion into new fields may be realized from the fact that machinery will have to be set up to take care of accounts for some 26,000,000 workers and for their employers. A gigantic new bureaucracy will spring into being, largely duplicating state machinery for the administration of old age assistance

(Continued on page 52)



All work and no play makes a very dull meeting and nothing gets people acquainted more quickly than the problem of balancing a plate without benefit of tables

What's Ahead in Washington

W. M. KIPLINGER Sheds a Bit of Light on Future

Dear Mac: It's getting close to mid-year of 1935, and you are doubtless scratching your head and frowning your brow over the pattern of things in the final half of the year, so that you can make your own plans fit the pattern. Probably I can't help you a lot, but perhaps I can help you a little.

Before getting down to business, let me make a few observations about the habits of people in their thinking about the future, in the hope that you will avoid these habits.

All black or all white. People seem to enjoy being all gloomy or else all cheerful. They like superlatives in either direction. They like positive, dogmatic forecasts. They like black or white. They don't like grays, even tinted grays. It's a bad habit, for actually the future is grayish, with streaks of rose.

Business sentiment. There's no scientific way of appraising business sentiment. Many people do it first by adopting a position, a more or less personal position, which is likely to be a reflection of how things have gone recently with that particular person; then by attracting to that position all available points which support it, and by rejecting those which do not fit it. All sorts of prejudices enter into the process, especially political prejudices. It's a pleasant habit, but it's unprofitable, and it's likely to lead to successive disillusionments.

Washington-as-a-whole. Most people, and particularly business folks, think of Washington in terms of some particular segment of policy which meets with either their approval or their disapproval. Perhaps there's no feasible way of avoiding this tendency to judge the whole by the particular feature which impinges on the individual who does the judging. Only remember, if this applies to you, that the whole picture is not necessarily like the particular portion of the picture into which your business affairs fit.

New Deal. People are now developing passionate attitudes toward New Deal policies, both for and against. This is inevitable. The only caution I care to give is this: Differentiate always between what you think the Government *ought* to do and what it *is* doing. Draw some sort of line between your personal self and your business self. Let your personal self be hot, if you wish, but keep your business self cool. Platitude? Yes, but it's a platitude which lots of business men need these days. (Perhaps not you.)

Now to work.

Chamber of Commerce

BEFORE proceeding to the future, let's talk a bit of the past meeting of the Chamber of Commerce of the United States, because it has bearing on the future relations between Government and business.

It was a good meeting, in the sense that the business delegates were alert, alive, mentally active, aggressive, not afraid to have views and to express them. It was a more vital meeting than any in years.

Whether the resolutions were "representative" of business men *en masse* is a controversial question. Mr. Roosevelt said they were not. He said business men are

overwhelmingly sympathetic to the New Deal. My own observations, which are entirely independent of the Chamber of Commerce, make me believe this is not true. I think the resolutions were reasonably representative of business men as a general class, including both big and little.

Were the resolutions too "negative"? Yes, it seems to me they were. They did more protesting than recommending. They did not sketch anything like a well-rounded program for government action.

The consequence: Not an open split between the New Deal and organized business, as the newspaper headlines have put it. Merely a slight widening of the differences between political thought and business thought. The New Deal has lost favor rapidly among business men in the past six months. It will gain a little favor in the fall, when business is better. It probably will not have strong business support next year, but we'll talk of this later, under politics.

Understand New Deal

A POINT which must always be borne in mind if you want to understand the New Deal is this: The New Deal thinks highly of the ability of Government to do things.

It sees things which ought to be done, and it undertakes to have the Government do them.

Best examples of direct government action: Tennessee Valley and Public Works. Best examples of indirect government action, or government regulation: NRA, AAA, holding company legislation, securities regulation.

The opposite and contrasting point of view, held by a majority of business men, is that the Government is *not* able to do the things which ought to be done, that private initiative actually gets them done better, and that private initiative does not work well when the Government is competing with it.

Actually, there's no consistent, clear-cut philosophy on the part of either Government or business. Both wiggle and wobble all over the political lot. Both take positions, then make exceptions. They disagree more on the exceptions than on the general positions.

There's no simple way of stating the differences. The nearest approach to a simple statement is that the New Deal believes strongly in the ultimate effectiveness of governmental action, and the business element believes strongly in the effectiveness of private initiative. On the proper degree and precise nature of government regulation, supervision, guidance or aid, there's no unanimity among business men, although a great majority think the present dosage of government regulation is excessive.

Business Outlook

FOR sake of perspective, it seems worth while to repeat that business has been creeping upgrade for more than two years and is still on the upgrade. The depression is in process of ending. When business will reach a point at which the depression may be considered *ended* is a matter of opinion, and there are many differing opinions. In the formulation of opinion, statistics alone are not a

safe guide. Neither is the appraisal of what is vaguely called "business sentiment." The two must be mixed together, and there is no standard formula for doing it.

Official Washington predictions about business are probably the least reliable of all. Officials always, under any administration, hope for the best, see only the best, and speak only the best. Unofficial Washington opinion, held by numerous technical advisers who know both statistics and politics (but not partisan politics), is much better. I rely very little on the official, but much on the unofficial.

Business at present is on a temporary slide of more than seasonal proportions, just as was anticipated several months ago. This is likely to make a spirit of business gloom in June, for business sentiment always reflects the present and recent past, and usually fails to make allowances for the future, either good or bad prospects.

An upturn is ahead. Some expect it in June. I look for it in late July.

How much of an upturn, how much of a fall rise? I think you had better figure on a moderate improvement, rather than a "boom."

Some stimulating influences for the summer: The end of Congress, and the demonstration that much of the legislation which business has feared actually has not been enacted; the suspension of legislative uncertainties. Soldier bonus spendings (uncertain at the time this is written). Fairly good crop prospects and prices, making good farmer buying power. Fairly good demand for all sorts of consumer goods. Washington ballyhoo about big work-relief spendings in the fall.

But remember also the moderating influences: Home construction has picked up from its abysmal low, due largely to the modernization movement, but a real home building boom of broad proportions is not in sight for this year. And work-relief spendings in the next year probably will not be at a higher rate than during the past year. And idle capital is not yet flowing into the heavy industries which make capital goods.

You probably will make fewest mistakes by thinking in terms of a creeping recovery throughout the last half of the year. At times there may be booms, but little booms, short-lived booms, no prolonged upward surge of the kind which will bring definite end to the depression.

A word about the numerous forecasts of "boom immediately ahead." These are spectacular, and they make the newspapers, and they get the headlines. There's a much larger body of opinion on the side of moderate expectations, but the moderate views are not "good news," and you hear less about them.

Inflation

I SEE no reason for modifying previous advices that inflation is ahead, that it will make for very active business. It might be evident late this year, but I think it is more likely to be postponed until some time next year.

The taking hold of inflation is not a matter of statistics, but a matter of public psychology. To judge the time element involves the judging of how the mass mind works. Many discerning business men foresee inflation and activity growing out of inflation, but they don't act until the masses show signs of recognizing inflation. Then they all rush. That's the way people act.

I think the time will come when business enterprisers will wish they had made plant modernizations now, or approximately now, when prices are fairly low, instead of later, when others are doing the same thing, when demand is greater, when prices are higher.

To anticipate inflation and greater activity next year might be one of the smartest things you could do at this period of the depression. It's a way of getting ready.

Works, Relief

IT is perfectly proper for you to discount the official claims about the amount and intensity of the business boost growing out of the work-relief program. Officials talk big about it, and they think it, and they mean it. But those on the inside of the program, those who don't talk, feel that the most that will come out of the effort will be a sustaining of business, rather than a positive boost to business.

The organization of the work-relief machinery here in Washington is faulty. It is loose, jumbled, with overlapping of duties and functions, with jealousies which are probably ineradicable. It reminds you of the situation within NRA in the early days, with everyone falling all over everyone. It is inexcusable, considering that public works are not a new thing with us, that the Administration has had two years to get its administrative machinery in shape.

The practical effect will be to slow down the rate of spending.

Congress

THE best guess on adjournment is early July, despite all the talk about holding Congress here all summer. A special session might be called for late fall, but I doubt it. Discount both the all-summer talk and the special session talk.

There's stronger spirit of rebellion among Democratic members of Congress than at any time since the New Deal started. The private talk among members is even more critical of New Deal policies than the public talk. The most standard comment is that the President is trying to jam through too much in a hurry.

This accounts for the tendencies to trim the President's legislative program. The trimming will continue through June. The President will be forced to compromise even more than he has during the past month.

The Supreme Court is giving many Democratic members of Congress a good "out" for not going along with the President.

The log-jam of legislation will be greater in June than at any time in years. To get legislation all snarled up in parliamentary procedure is one standard method which astute congressional politicians use to kill legislation, or to postpone it, or to avoid taking a final position on it.

Taxes

THE Administration has been hoping to avoid tax increase, and Congress hates to tackle it, but must. First, existing excise taxes will be kept. Second, the pressure will be strong for new inheritance taxes. Third, there may be some sort of tax on dividends received by one corporation from another corporation, partly because this will yield revenue, partly because it is in line with the Administration's general program for discouraging pyramided corporation structures—holding companies in all lines, not merely utilities.

Doubt whether income tax rates will be raised at this time.

Government Credit

GOVERNMENT deficits have been financed largely by the banks, through their purchase of government bonds. Recently there have been intimations that the banks might balk, might turn loose some of their government bonds, make a credit crisis for the Treasury.

It's hard to judge how seriously to take this possibility. It's merely worth keeping in mind as one of the uncertainties of the next six months or year. It surely would happen if Congress were to increase next year's

deficit beyond the budget figure, if it were to pay the veterans' bonus without providing new taxes.

NRA

NRA is falling back in irregular manner to the idea that codes must be voluntary, or else not be. This isn't true in all details, but it is the essential direction of future policy.

Trades and industries must do more for themselves, rely less on the Government. Trade associations must get a move on. More than half the trade associations don't have good grip on their members. Instead of being honest-to-goodness working institutions, they partake of the nature of scenery.

AAA

IT looks as if processing taxes are on their way out. It will take a year or more for complete abandonment, but the trend is against them.

AAA is getting ready to abandon gradually its policy of restriction of production, is turning to a new broader long-range program of regulating the use of land. It will take a generation to work out, but it is generally admitted to be a step in the right direction.

Labor

TALKS with labor leaders, especially since the breakdown of NRA and the Supreme Court's decision against the railroad retirement act, disclose a turn of sentiment away from the idea of looking to Government to fight labor's battles, toward the idea of battling for rights direct with employers. There has always been a group within the A. F. of L. which looked askance at the "paternalistic" attitude of the New Deal toward organized labor. This group has now strengthened.

I think you must count on more strikes in the course of the next year than in the past year. Both labor and employers will be more aggressive. Government does not yet have the machinery or the moral force to prevent strikes, or even to compose all of them.

In the long run labor is bound to gain "rights."

The 30-hour-a-week bill isn't really wanted by a majority of union members at this time. Leaders have used it mainly to make trading stock.

Monetary

THERE seems to be no chance of any international agreement to stabilize currencies before late fall.

Meanwhile there are no immediate plans for further devaluation of the dollar. It might be done if commodity prices should slump, perhaps as a consequence of the abandonment of gold by the European gold bloc countries, but the official intention for the present is to postpone further devaluation as long as possible.

Housing

THE modernization campaign continues to work well, and is commonly characterized as one of the New Deal's best moves. The insurance of mortgages and other mortgage reforms are working out very slowly.

Politics, Elections

IT isn't possible to forecast next year's elections, but it is possible to note certain trends, and to have in mind a pattern of expectancy, which should be subject to change.

The fact seems to be that the New Deal is on the defensive with many different classes of citizens. Not alone with business men, but also with union labor, white collar workers, farmers and "little fellows." This observation is based on my own incoming correspondence, plus reports from political scouts of both parties, plus talks with newspapermen outside Washington, plus one recent

scouting trip of my own, when I made special effort to talk mainly to ordinary unsophisticated folks.

This doesn't necessarily mean that Roosevelt will fail of reelection next year. I think, if you must base any business plans for the next few years on any assumption regarding the president to be elected in 1936, you should assume that Roosevelt will be reelected.

The business elements will be stronger against Roosevelt next year than in 1932, but they will not be anything like a unit against him. Business men never gang together in politics. They gang according to their own special interests, and there's plenty of force within the New Deal to attract the special interests of large masses of business men.

The Republican Party is an unknown quantity. It probably will not draft Hoover. It probably will nominate some dark horse, some fresh personality, against whom there is nothing much to be said.

A third party seems likely, for I doubt whether Roosevelt can play "left" enough to satisfy the millions who have learned to expect the Government to do big things for them. I haven't the faintest idea who will head a third party ticket. I don't think Huey Long will. A better bet would seem to be Governor Olson of Minnesota. A third party can make a big demonstration, but one fault with its vote-pulling powers is that among "left-wingers" everyone wants to be the general; it is hard for any of them to submit to political discipline.

Many Democratic members of Congress will face stiff competition for renomination from aspirants who will attack the New Deal and charge present incumbents with being "yes men." This is already evident in many districts. It accounts partly for the lack of enthusiastic support of New Deal measures by Democratic members.

People vote emotionally. They credit government too much for good times and blame government too much for hard times. Under the New Deal, their hopes have been raised. They have been encouraged to expect much. Obviously there are and will be disappointments. Often these disappointments weigh more than appreciation for things accomplished. Hence Roosevelt's political problem during the next year is in explaining to the masses how everything can't be done in four years.

Working Capital

DO you need working capital in your business? If so, suggestion: First, ascertain just what working capital is, as distinguished from other kinds of capital. Ask a banker.

Second, apply to your banker for the loan. You may get it or you may not, but if you are turned down, you will have this as a prerequisite for the next step.

Third, inquire in person or by *brief* informal letter outlining your circumstances, your need, your earning position, your prospects,— to the Federal Reserve Bank of your district (not Washington). Reserve Banks can lend, and they are lending,— working capital up to five years. They *prefer* to lend through banks. If your own bank lends to you, Federal Reserve may rediscount, or purchase outright, or guarantee up to 80 per cent,— *if* a lot of things. Thus it could be a pretty good proposition for your own local bank. But Federal Reserve *may* lend direct, if circumstances are right.

Get your own case started, if you wish. You may not work wonders, but you will learn things. I haven't space to give you all the details now, but next month I'll tell you where to go from here.

Sincerely yours,

Wm. L. Hughes

How Advertising Can End

By ROY S. DURSTINE

Vice President, Batten, Barton, Durstine & Osborn, Inc.

THE other day a business man reached home from Washington. He had spent three days going from department to department, from bureau to bureau, seeking information. He had learned a lot about what he might expect at the hands of those who shape our destinies.

He stormed into the meeting at which his current advertising was to be presented.

"Do you know what's going to happen if those people down there keep on?" he exclaimed. "I'll tell you what's going to happen. The people of this country are going to throw every politician out on his neck. The business men will draft their own candidates and at the next election there won't be a single professional or professional politician left."

All morning he sprinkled comments of that sort into what had started out to be a consideration of current advertising.

"How would we even have the money to pay for this?" he complained at one point. "They are taking it all away from us and we'll be lucky to pay the rent."

By night nothing was approved.

Three days later another meeting was held. The Washington vision had faded a little. The reservoir of confidence had been refilled from within. Perhaps something could be done after all. This time everything was approved. Same plans. Same advertising. Same man. Only his state of mind had changed.

So advertising must do more than stand on its own feet today. It must get itself understood at a time when anything that is not conservative and pessimistic finds it hard to get a hearing.

When a sea captain brought a cargo of silks and laces to Manhattan in the early eighteenth century, the merchant of that day felt justified in inserting in the current journals a notice to tell the women that the newest finery had arrived. How else could he sell it?

Or when a department store in a great city today receives a shipment of Paris fashions, it is easy to see its economic reasons for telling the women to come and get them.

When the event is as simple as that, today or 200 years ago, it is easy to see the necessity of using the

quickest and cheapest way of spreading the news.

Advertising in its essence is simply telling a great many people about something as quickly and cheaply as possible.

If there were no such thing as electricity, you could send a lamp-lighter from lamp-post to lamp-post until you had a string of faint illumination. But it's a lot simpler and quicker to send a current to every pole so that at dusk the lights all go on at once.

You could send a salesman or a letter or a postcard from one house to another with the story of your product. But it's quicker and infinitely cheaper to use advertising.

Cheaper in spreading information

MUST we prove that? The stamp analogy is always best.

Suppose you want to send some information to a friend in San Francisco. You write it out and mail it. To do that you must buy a three-cent stamp.

Now suppose you want to send that information to ten friends. That costs you 30 cents—plus the cost of your stationery and your secretary's time. Increase that number of people to a thousand. Now you are paying \$30 just for stamps.

But suppose you feel that this information would interest 120,420 people in San Francisco. And suppose, by a curious coincidence, you learn that just 120,420 people in San Francisco regularly receive a certain San Francisco newspaper. Then suppose you find that you can send this information to all of them, not for \$3,612.60 (the cost of the stamps alone) but for \$627.20—wouldn't that seem a pretty sensible idea?

Then suppose you decide to send your information to everybody in the country. You put the information in a magazine which goes to 2,000,000 women. If you mailed it, just the stamps would cost \$60,000. Printing would bring the cost pretty close to \$100,000. But the magazine will print your information, on the back cover in colors, for \$13,500.

But even though it costs less than any other means of spreading information, how much does it cost the



The advertising of oranges costs the housewife a fraction of a cent a dozen, at the most

d Depression

A MAN who still has sufficient faith in advertising to accept challenges in its defense tells you, in this article, what it is, what it costs, how it works and what it can do. And to prove that he is wholly fair, he tells you its faults as well as its advantages

housewife? Let's look at a few examples.

A food company with a very large appropriation spends three cents *per capita* per year and sells a fine product at an extremely nominal price.

The advertising of bread costs less than the wrapper to keep it clean.

The low cost of the advertising has helped make orange-growing a well-ordered industry for the producers and has changed this fruit from a holiday luxury into a healthful daily item in millions of homes. At the maximum, the cost of this advertising to the housewife per dozen oranges has been one-third of a cent, or one-thirty-sixth of a cent per orange.

An executive of a representative packer of vegetables and fruits gives one-tenth of a cent per can as the advertising expense. He believes that this is a pretty standard figure for the canned goods industry.

But let's be completely fair. Even though a housewife finds that there are no coins small enough to give her an actual saving in her daily purchases, could there be some way of working out a saving for her on her annual budget if there were no expense for advertising? In other words, if advertising costs two or three per cent of what she spends, could she be able to get a refund of a few dollars on her total household buying at the end of a year?

Here we come directly up against the very essence of advertising's value as an economic tool. Without the mass production which advertising has helped to create, the unit cost would be increased far beyond the amount of the advertising. Without this mass production, too, her husband and her friends' husbands would have no jobs.

Perhaps you have had an opportunity to compare the difference in prices of amateur photographic materials from 1914 to 1935.

The Eastman Company, in explaining why it uses about 3½ per cent of the retail price to tell people about taking pictures, says:

Savings to the consumer as a result of consistent advertising are so many times the amount of money devoted to



PHOTO-ILLUSTRATIONS BY GEORGE LOHR

Today, for one-fifth the price of those early radios, you can buy an instrument that reaches across oceans

advertising that we think any question of wasteful practice is untenable.

In about 12 years, something like 18,000,000 radio sets have been purchased for American homes. Today you can buy for one-fifth or one-sixth of the price of those early sets an instrument which reaches across the oceans and gives you fidelity and beauty of tone beyond the wildest dreams of 1921.

In distribution, advertising is only one factor. The retail cost of any article is made up of materials and labor plus all the distribution costs, which include packing, carting, transportation, warehousing, salesmen's expense, credit, collection costs, financing and advertising.

Advertising may reduce costs

HERE is a little story which shows that some of these other elements might warrant some of the study which is now being devoted to advertising.

Last winter in a typical eastern city thousands were in line receiving bread and coffee at the relief stations.

At that same time wheat was being burned in the Middle West. Sugar was being burned in Cuba and coffee in Brazil.

Why shouldn't some of that wheat and sugar and coffee have been brought to that eastern city?

"We thought of that," said the local director of relief, "but the cost of handling and transportation to get it here would have been more than we had to pay for these supplies in the open market."

In other words, advertised coffee and advertised sugar and advertised bread could be bought for less in the open

market than it would have cost to bring carloads of these overabundant materials which carried no cost of advertising.

Then, since advertising proves itself so economically necessary, why does the issue start to get complicated?

When does electricity or the telephone start to get complicated? When somebody misuses them.

If a man writes an advertisement for a cancer cure and gets somebody to publish it, that doesn't mean that advertising isn't a sound economic tool. It simply means that the man who writes it and the man who publishes it ought to be tarred and feathered.

Most advertising is sound

LET'S go even further. The most constructive thought in the advertising business today, in my opinion, is united in the belief that testimonial advertisements, featuring prominent people who either never used the products they endorse or get them free, are just as plain untruths as any other kind of deliberate lie.

This same section of the advertising business believes that horror advertising is utterly without justification. Only financial necessities have persuaded many publishers to accept advertising of these types.

But if these examples were multiplied many times it still would not mean that advertising is not a sound economic force. It would simply mean that certain practitioners of advertising were either too lazy or careless or misguided to use this force without soiling and discrediting it.

That's true of every business and profession. There are always a few doctors or lawyers or manufacturers or policemen or engineers or statesmen who contrive to pull down the standards of their profession or business.

The real trouble is not that these abortive phases of advertising are important or typical or even significant, but that they confuse the issue and provide any self-seeking fanatic with a little plausible evidence which he can blow up into the semblance of a crusade. And crusades can be made to pay.

The formula is simple. You start with a lot of obscure and probably not very successful proprietary articles. You get an unnamed analyzer to analyze them. You pick out all the long names you can find in his analysis and you point out that in sufficient quantity these ingredients may cause any number of horrible results. You don't say they do, but you insinuate that they might.

Then you sprinkle in a few safe but seemingly daring references to a handful of nationally advertised articles.

On top of this you add a number of defiant and courageous attacks on certain disreputable cures for incurable diseases—products which have never been anything but the outcasts of the advertising business. You get especially indignant about these.

It is almost the same technique as that followed by the so-called Chamber of Horrors exhibit circulated at least semi-officially by the Department of Agriculture.

You roll all your material together in bulletins and books, put behind them obviously unfair advertising, and boy! How the money rolls in!

There are those who say that this fantastically disingenuous group is only hoping that it will be challenged.

"Still Unchallenged" is the slogan used to advertise its books, though its authors know that repeated and sincere efforts have been made to have them give a semblance of unbiased investigation to those whom they have slurred. Well, if they want a challenge, here it is. I shall be most happy to repeat this comment. They will find me whenever they want me at 383 Madison Avenue, New York City. I am referring, of course, to the people most prominent in guiding the destinies of the movement which has gone far afield from its sincere start, the so-

called Consumers Research, Inc., of Washington, N. J., and in promoting the books which this non-profit organization makes so successful.

Advertising can be and has been used by crooks, of course, for it is as impersonal as the telegraph or the mails. But over a period of time the stream of advertising purifies itself because repeat customers make it pay and the inferior product has tough going in trying to make a permanent success. The thing corrects itself.

It seems that some people who question the economic benefits of advertising fail to realize that the economic consideration is only one factor in the measurement of any effect against the scale of public welfare.

If time doesn't count, if labor doesn't count, if living conditions do not count, then in truth, we will be reduced to a condition not far above the hog level.

Of course, advertising as a force, in all of its effects, is opposed to poverty. It creates dissatisfaction. It creates desire. It creates incentive. It creates determination. It creates earning-power. It creates buying. It creates enjoyment.

Of what use is an invention that the public never learns about? Of what use is a factory unless the people desire what it makes? Why ask what is the economic effect of advertising when its social benefits are so plainly shown?

Aren't all these critics of modern business, including advertising, forgetting that the essence of the American character is to progress?

Remember when you paid \$50 or \$60 for an automobile tire guaranteed, perhaps, for 2,000 miles? Today for a third as much you get a tire which lets you forget guarantees and surprises you if it fails to give you from ten to 20 times the mileage of those tires of 20 years ago. That didn't just happen.

Somewhere in a laboratory or a shop a new improvement was contrived or a new product was evolved. Somewhere someone saw that, if a lot of men and women heard about it, they would want it.

Improvements get quicker recognition

IT USED to take an inventor a lifetime to get recognition for an idea and more than likely he died penniless. When Charles F. Kettering saw a woman trying to crank her car stalled in traffic on the bridge over the Detroit river, he decided that there ought to be an automatic way of starting cars. In a few years, advertising put his invention on just about every car in the country and as one of the largest stockholders in General Motors he probably won't die penniless.

In his book, "Our Economic Society and Its Problems," published last year, Rexford Tugwell quotes Stuart Chase's estimate that 600,000 people are engaged in advertising and "that in a socially planned society ten per cent of this number would be necessary to spread useful information and 540,000 might be released for other work."

Heaven knows where the estimate came from, but if it is true and if advertising should release them, just where would they be supposed to go today? On the relief perhaps, or possibly they could get their living in some other way out of Government funds from the taxpayer's earnings.

But just who is to decide what is "useful information" and what is not? To the man who is trying to hold together the people on his pay roll it seems that the news of his products is pretty useful information. Is somebody in Washington going to decide that he is wrong and that the news of his factory is useless?

But apparently we aren't there yet.

Even Professor Tugwell agrees that "advertising serves a worth-while purpose insofar as it educates

(Continued on page 79)

A Challenge to Business Men

By ERNEST T. WEIR

Chairman of the Board, National Steel Company

BUSINESS men have listened while everybody told them how they should help to bring back recovery. Now one of them speaks back. Here is business' job as he sees it

ONE of the most conspicuous paradoxes in a period of economic paradoxes is daily on view in the public scolding of business men and the concurrent expectation that they shall provide the sinews of the attainment of a realistic recovery. It takes no partisan of business to discover that the commercial and industrial leaders—the men who are managing mills, factories, mercantile establishments, banks and other enterprises, big and little—have become the malign element in American life. They constitute the vivid, ready-made answer to the persistent question, "What is wrong with the country?"

Over and over it is said that they are the selfish obstructionists in the way of the multitudinous, altruistic,

and celestial plans, which, if unimpeded, would make everything right.

The New Deal has just passed its second anniversary. There is no need to trace the history of those two years. Fresh in mind are the crises and counter-crises, the boiling of events, the growth of the alphabetical jungles, the impact upon the country of sensation after sensation, the shifting moods, aspects, and public reactions, as first one, then another, shibboleth of salvation was sounded from Washington.

Through all of this tumult and

change there has been one constant thread. At times the professors and other oracles have had some doubt as to the exact nature of our national ills and the proper prescription for their cure but there never

has been any doubt in the minds of the Administration as to where to fix the blame. The whole fault lies with the business men, motivated solely by greed for profit and lust for power. Business is predatory, it is lawless, it is inhumane.

From Congress, from government bureaus, and from the press agents of the White House has come a torrent of statements, all making exciting copy for the press.

Newspapers, books and radios have carried an avalanche of propaganda, conveying, directly or by implication,



CHARLES DUNN

Until business is given an even chance, it cannot be expected to bring about Recovery

the thought that business is not to be trusted.

On the other hand, all criticism by business men of the acts of the Administration has been decried as coming from standpatters who oppose change from a system on which they have been fattened. Their words could not be right because their motives were wrong. I have been amazed by the complacency with which American business has submitted to this domination and vilification.

Business will have to fight

IT IS small wonder that those who have unloosed destructive forces upon American business have been encouraged to advance the extreme measures which have been proposed because, so far, a great many business men have been spineless in their remonstrances. We are fast arriving at the point, however, where the business leaders will have to fight if they expect to preserve American business from complete enervation.

I believe it is the urgent duty of those whose viewpoint is opposed to the underlying philosophy of the New Deal to point out fearlessly, candidly, and vigorously the danger to the American people of any radical or hasty departure from what we have come to regard as the American scheme of things. Rest assured that such expressions will be met with the familiar epithets of "tory" and "obstructionist." But, despite fads and brief periods of hysteria, a wholesome fund of common sense and fair-

ness is characteristic of the American people.

When the New Deal began, its objectives, simply stated, were to relieve those in distress, to bring recovery as quickly as possible and to eliminate or minimize conditions that produced the depression. It proposed to put the Government's house in order by rigid economies and by friendly cooperation to aid business in ridding itself of the economic ills that stood in the way of a return to prosperity. No one quarreled with those objectives. On the contrary, there was an enthusiastic, country-wide response such as has been accorded to few other administrations and one in which business joined whole-heartedly.

After two years, what are the results? There is little indication of success in any of the major undertakings. Yet threats, regulation and political meddling continue, with unsettling and damaging effect upon business. A few examples will suffice.

There are, undoubtedly, evils in the pyramiding of holding companies in the public utility field and no good citizen would object to any reasonable measures to eliminate these evils. However, the sweeping indictment of utilities indicates the probability of a future attack upon all holding companies. Few people understand the nature or purpose of a holding company and the very fact that Washington lets loose a tirade against the holding company is enough to convince many people that it is some kind of a terrible weapon

in the hands of business for the oppression of the poor. The reason such attacks have so deep an effect upon the people as a whole is that frequently they are not answered.

How much more in the public interest it would be to set up a counter-barrage against this government propaganda—propaganda for which the Administration is using the taxpayer's money. It would be far better for business to use a part of its funds in educating the people as to the true worth of holding companies than to have to submit to the confiscation that will surely follow if nothing is done.

Jamming through reforms

DIFFERENT in character but just as bad from another viewpoint is the attempt to jam through with haste, and without adequate study, social security legislation that will have a far-reaching and permanent effect upon our whole economic structure. Granted that many of the objectives included in this legislation are desirable, what excuse can be offered for the evident desire to rush it through at this time, since admittedly it is not of an emergency nature?

Probably the most harmful attitude, and the action most likely to block the return of recovery, has been expressed in legislation dealing with labor relations, particularly the Guffey and Wagner bills.

The announced intent of the Guffey bill is to stabilize the bituminous coal industry and conserve coal resources. In its labor provisions, the bill attempts to make it necessary, now and permanently, for employers to deal only with national labor unions in all collective bargaining. It states that minimum wages in any given district shall be those agreed upon with representatives of the majority of mine workers therein "belonging to a recognized national association of mine workers."

This probably is the baldest attempt ever made to establish unions by law.

The Wagner bill seeks to write into the law a principle of eternal warfare between employer and employee. The real purpose of the bill is to outlaw all plans of employee representation which do not function in connection with the American Federation of Labor. Organizations of the employees of a particular employer, sometimes called "company unions," are assailed as "company dominated unions," in utter disregard of the facts. Industry never could operate successfully under such a law. The great preponderance of employees do not want it and will resent it if it is passed.

(Continued on page 72)



Business has submitted to domination and vilification

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Concerning Child Labor

By PAUL MCCREA

Of the Staff of Nation's Business



Of the child workers shown by the 1930 census two-thirds were in industries unaffected by NRA

AS THE first NRA code hearing was entering its second day, T. M. Marchant, president of the American Cotton Manufacturers' Association, arose.

"Mr. Chairman," he said, "our cotton textile industry committee believes that it would be helpful to the broad movement, if the Administrator is agreeable, to put an express provision in the cotton textile code that the employment of minors under 16 years of age be not permitted during the emergency."

There was great enthusiasm. The audience, made up of business men representing probably every major industry, applauded heartily. Deputy Commissioner Allen, conducting the meeting, expressed his "appreciation for this spirit of cooperation on the part of the entire textile group."

General Hugh Johnson added his congratulations.

To understand the importance of this action, it is necessary to know that the Recovery Act itself does not mention child labor. Neither did the Textile Code as first presented. When the omission was mentioned in the course of the first day's hearing, George A. Sloan, handling the presentation, explained that child labor was effectively eliminated by the minimum wage clause.

"The only reason for using child labor," he said, in effect, "is because it is cheap labor. When you set a minimum wage for all, you eliminate child labor because adults can be hired just as cheaply and are preferable."

In the face of this undisputed argument, the inclusion of a child labor clause in the code seemed, on

THIS discussion of child labor is admittedly incomplete. It is intended to show only a few phases of the situation which are generally overlooked. It is certainly not intended as an argument in favor of child labor

its face, only a graceful gesture. It was, in fact, a precedent. Similar clauses were incorporated in succeeding codes.

With a few exceptions, these clauses prohibit the employment of children under 16 in manufacturing and mercantile enterprises. The exceptions permit children as young as 14 to be employed in retail stores for three hours a day or for eight hours on one day a week, provided that they do not work during school hours or between seven o'clock at night and seven o'clock in the morning, nor deliver merchandise from motor vehicles. They also permit children under 16 to be employed professionally in the legitimate theater, in movies and in radio broadcasting, and to deliver newspapers and magazines.

As a result of these provisions, child labor, the President said,

went out "like a flash."

Today elimination of child labor is included in every catalog of NRA achievements. The need for making permanent the gains obtained through the child labor provisions of the codes is one of the arguments for ratification of the Federal Child Labor Amendment. In making these gains NRA is said to have stopped "an abuse which had defeated every legislative, judicial and philanthropic effort to end it."

NRA and child labor

"THE story of child labor regulation under the NRA," says the National Child Labor Committee of New York City, "is the story of one of the most tremendous advances ever made in the field of social legislation."

This is pretty positive language. It would seem

to indicate that NRA in its first month had accomplished all in a field where others, toiling for more than a century, had accomplished nothing.

Such an estimate is at least optimistic.

This does not mean that the child labor provisions of codes have failed. They did accomplish something. They would undoubtedly have accomplished more except for two reasons:

There wasn't much child labor to begin with and what there was happened to be in places where NRA could not get at it.

"Legislative, judicial and philanthropic efforts" to end child labor had been less sterile than reports would indicate. Such efforts were first made in this country in 1640. In those robust days, child labor was regarded as a valuable asset to the colonies in their efforts to attain self-

sufficiency. As this view changed, the definition of child labor changed with it. Hours were limited and compulsory school provisions established. Minimum ages for employment were set, first at ten, then 12, then 14. At the time NRA definitely defined child labor as the employment of children under 16, other workers, longer in the field, were seeking to establish an 18 year minimum through Constitutional amendment.

Much progress had been made

ALTHOUGH this amendment had not been ratified, and although two federal laws striking at child labor had been declared unconstitutional, these same "legislative, judicial and philanthropic efforts" had, in 30 years, actually eliminated nine times as much child labor as was eliminated by codes. And there was less boasting about it.

These gains had been made in many ways. Public opinion undoubtedly played some part. Increasingly complicated machinery played some. So did the fact that employers are not necessarily ogres willing to grind the bones of little children to make their bread. Even if they were, they could, by 1933, find few places where they could do it.

By that year, every state, except Wyoming, had set a minimum age for employment in stores and factories. In Utah, Montana, Wisconsin and Ohio, the minimum was 16. In California, Texas, Michigan, Maine and Rhode Island, it was 15. In all other states it was 14.

All of these states permitted exceptions in individual cases and employers who desired to evade the law are reported to have found ways to do it. Enforcement in spots was also reputed to be less ardent than it should have been.

Whatever the faults of these laws, however, the fact remains that child labor was decreasing. There are no exact figures. The Census of Occupations is the best source of information but even it does not give a complete picture. In the first place, it does not enumerate children younger than ten and investigations have shown that many of these are employed in the so-called street trades, shining shoes, selling papers and the like.

Also the census is taken at a season when the schools are still in session and farm work is not yet in full swing. The figures

may, therefore, be regarded as understating the case. But they do show trends. They show that, in 1900 some 1,750,178 children less than 16 were gainfully employed in this country. Ten years later, the number had grown to almost 2,000,000. By 1920, however, it had shrunk to 1,060,858. By 1930, the census showed only 667,118 children less than 16 gainfully employed.

These are the children to which Donald Richberg referred when he told a radio audience:

"Except in domestic service and industrialized agriculture, it can be fairly said that child labor is being practically abolished by the adoption of the codes."

That is a big exception. Of those 667,118 children, nearly 470,000 were working on farms and 46,145 were in domestic service.

They are trudging off to work today just as if NRA had never been.

That left only 151,476 children to be released by the codes. The census divided them like this:

MANUFACTURING AND MECHANICAL INDUSTRIES		68,266
Chiefly: Laborers and semi-skilled operatives in:		
Textiles	20,625	
Cotton Mills	10,631	
Silk Mills	3,596	
Knitting Mills	3,497	
Clothing industries	8,650	
Building	7,380	
Lumber and furniture	4,790	
Food and allied industries	4,324	
Iron and steel and other metals	3,236	
TRADE	49,615	
CLERICAL OCCUPATIONS	16,803	
TRANSPORTATION	8,717	
EXTRACTION OF MINERALS	1,184	
OTHER	6,891	
(includes Public and Professional service, Forestry and Fishing)		

These are the children whom NRA is presumed to have returned to the playground and the school room. It

is a hasty presumption. More careful estimates set a considerably smaller figure. NRA itself estimates the number at something between 100,000 and 130,000. There are many reasons for this discrepancy.

In the first place, the census was taken in 1930. The Recovery Act took effect in 1933. In the intervening years, many of these children had grown out of this age group and were therefore not affected by the codes. Logically others might be expected to grow into the group and replace them but indications are that this did not happen.

Child workers decreased

THE Children's Bureau of the Department of Labor, to which we are indebted for this compilation of Census figures, has for many years received reports from state officers and others in cities and states where employment certificates are issued to minors desiring to go to work. These figures show that, in 41 cities having a population of 100,000 or more, the number of certificates issued decreased rapidly between 1930 and 1933. In these cities, 49,082 certificates were issued to children 14 and 15 years old in 1930. In 1931, the number fell to 37,051 and in 1932 to 27,556. In 1933 only 17,042 were issued. These were made out early in the year. After the Recovery Act took effect on June 16, many of them were withdrawn.

It is as easy, of course, to draw unwarranted conclusions from these figures as from any others. They might be interpreted as meaning that child labor had been reduced practically one-half between 1930 and 1932. If this were true, the number of children NRA freed from toil would be about 75,000.

This cannot be taken for granted, however, because, as the Children's Bureau points out, the figures are not entirely comprehensive. They cover only children who go to work for the first time in industries for which certificates are required and they are affected by the degree to which the law is enforced.

It would be pleasant, also, to believe that the decrease was entirely the result of social advancement. This is not warranted, either. A large part of the decline, and nobody knows exactly what part, was due to the fact that work opportunities were



One cannery is proud of the number of college students who earned tuition money working for him in vacations



Immediately after passage of the Recovery Act the number of workers on strike increased

WIDE WORLD

The Troubled Path of 7 (a)

By PAUL H. HAYWARD

Of the Staff of Nation's Business

WHILE the collective bargaining provisions of Section 7 (a) are not directly involved in the Schechter case, the Supreme Court ruling in that suit, imminent as this issue goes to press, may conceivably upset them. Whatever the Schechter decision, however, legislative attempts to settle the issues involved in that portion of the famous section may be expected to continue. This review of the Section's past may provide some signposts as to the future either of itself or its legislative successor

WHEN Congress passed the National Industrial Recovery Act in June, 1933, it sought, among other things, "to induce and maintain united action of labor and management under adequate governmental sanctions and supervision," and "to reduce and relieve unemployment."

Among the means which the Act provided to these ends were the provisions known as Section 7 (a) which—as who doesn't know—provided that all codes of fair competition

should recognize the right of employees to bargain collectively through representatives of their own choosing, and that employees should be free from interference by employers in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining.

Immediately after passage of the Act the number of workers involved in strikes increased. Department of Labor figures showed 111,051 out on

July 1 as compared with 42,333 on June 1, 1933. Strikers numbered 157,953 on August 1, and 244,636 on September 1.

Organized labor was turning Section 7 (a) into a springboard for a vigorous unionization campaign—a campaign which was countered in many instances by organization of the so-called company unions. In the words of the then NRA Administrator Hugh S. Johnson:

"Labor organizers went out and unconscionably oversold the provisions of Section 7 (a). They told their men that the President wanted them to join this, that or the other particular union. It was not true. . . .

"On the other hand, employers . . . rushed to initiate company unions. . . . They also told the men that this was what the President wanted. This also was untrue. . . ."

With organization and counter-organization proceeding, questions immediately arose within individual factories as to whom management

should recognize as the real representatives of their employees for purposes of collective bargaining; whether management should bargain with more than one group of employees; whether the law compelled a "closed shop" or guaranteed the "open shop," and a hundred other complex issues.

With resort to the strikes increasing in these disputes it rapidly became evident that, if the Act was working "to induce and maintain united action of labor and management" and "to reduce and relieve unemployment," it was doing so in most devious fashion.

It was equally evident that, if Section 7 (a) were to be enforced, the Government would have to take steps to determine the rightful representatives of employees for bargaining.

Therefore the National Recovery Administration—then in its ballyhoo period—proclaimed through its Industrial and Labor Advisory Boards on August 5:

The country in the past few weeks has had remarkable evidence of cooperation in the common cause of restoring employment and increasing purchasing power. . . . This gratifying progress may be endangered by differing interpretations of the President's Reemployment Agreement by some employers and employees. . . . To protect every interest, it is the unanimous recommendation . . . that a board to which differences may be referred should be created. . . .

The same day President Roosevelt accepted the recommendation and appointed what came to be known as the National Labor Board "to pass promptly on any case of hardship or dispute which may arise from interpretation or application of the Pres-

ident's Reemployment Agreement."

With differing interpretations of Section 7 (a) continuing, many of them hinging upon the issue of the closed or open shop, and the number of men on strike still growing, Administrator Johnson and his then colleague, Donald Richberg, declared on August 23 that "the plain meaning of Section 7 (a) cannot be changed by any interpretation by any one. It is the function of the Administrator and the courts to apply and to interpret the law in its administration. . . . The words 'open shop' and 'closed shop' are not used in the law and cannot be written into the law."

Inserting the merit clause

THE automobile manufacturing industry, however, sought and succeeded in making assurances concerning maintenance of the open shop doubly sure by writing into its code, in connection with Section 7 (a), the so-called merit clause. By this clause, management specifically retained the

right to hire, fire or advance employees on their individual merits. This industry was the only one to gain the point in so many words and it has clung tenaciously to it since, even though the President later (October 19, 1933) barred any interpretations of the Section from future codes on the ground that they led "only to further controversy and confusion."

As additional codes were adopted to replace the temporary President's Reemployment Agreement and as interpretations of the "plain meaning" of Section 7 (a) continued to differ, the National Labor Board and regional boards it had set up undertook to settle disputes under the codes as well as under the Agreement. This made confusion more confounding, because to differences of opinion over Section 7 (a) were added differences of opinion over powers of the Board.

Even Senator Wagner, the Board's chairman, displayed some uncertainty concerning these powers, as evidenced by his statement on September

(Continued on page 57)



UNDERWOOD & UNDERWOOD



WIDE WORLD

The auto industry was greatly interested in the Wagner Bill. Alvin Macaulay of Packard; Alfred Swain, General Motors; B.C. Hutchinson, Plymouth; and Alfred P. Sloan, General Motors; at one of the hearings

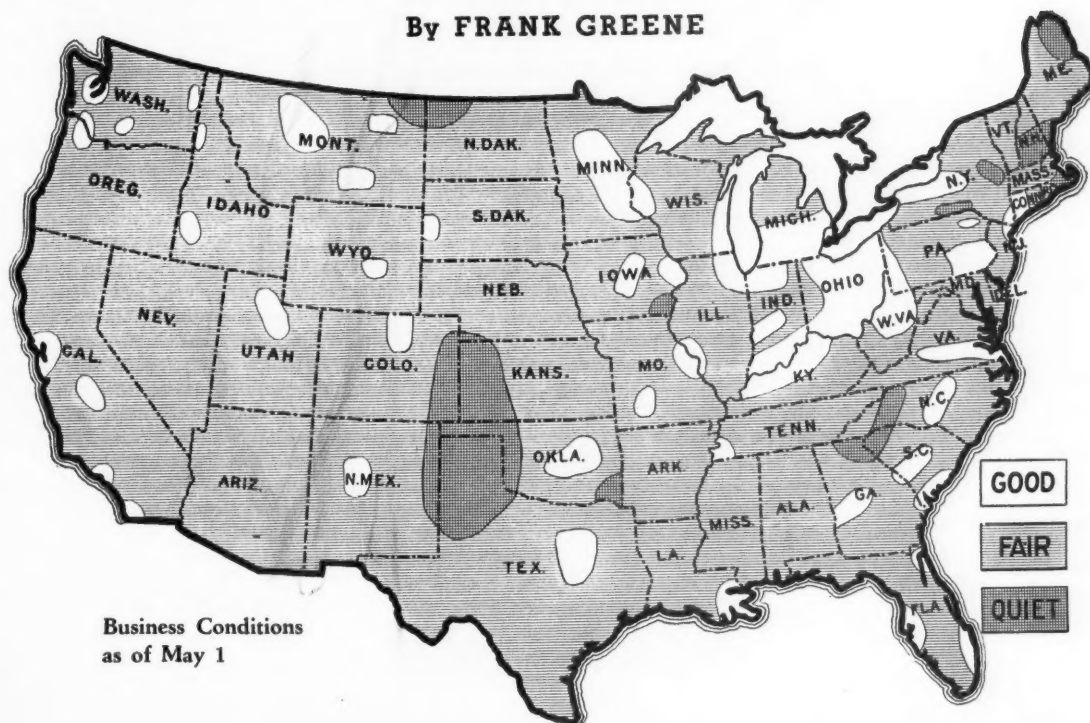
Some of those who tried to explain 7 (a). Walter Teagle, Senator Wagner, William Green and Louis Kirstein just before a meeting of the National Labor Board

1935

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The Map of the Nation's Business

By FRANK GREENE



Business Conditions
as of May 1

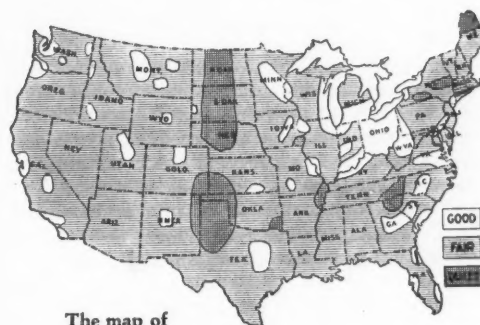
APRIL registered new strength elements with commodity prices leading. Crude steel production eased slightly. Automobile output set a five-year peak. Retail trade was ahead of 1934, with rural buying leading.

Rains greatly improved wheat crop prospects and the ban on spring planting was removed. Dust ridden areas, however, received little relief. Other food crops seemed assured of a good start.

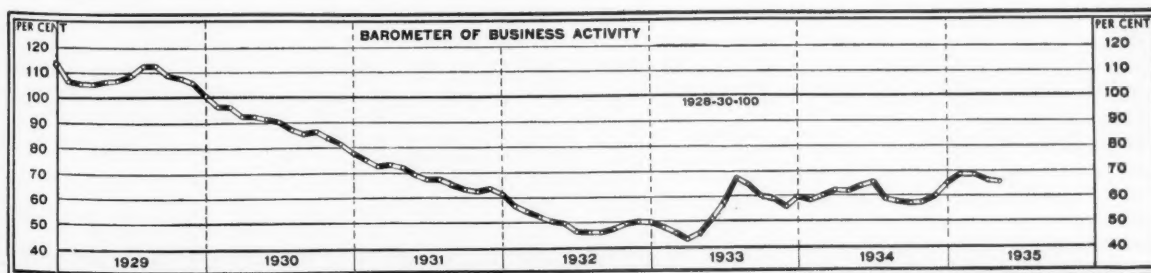
Commodity and security prices showed strength. Dollar wheat reappeared at Chicago. Cotton recovered the government-fixed price level. Exports were still 40 per cent below the two preceding seasons. Prices of prime beef cattle neared old time records and hogs held most of earlier advances. Horses and mules were the highest since 1918. Industrial and utility stocks were strong.

April failures exceeded recent months in number but liabilities were the smallest since September. Bank clearings exceeded April, 1934. Building gained and lumber production was active.

Recent rainfalls in the North Plains region have lessened the danger of drouth. The Southwest, however, continues deficient in moisture



The map of
last month



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The Barometer of Business Activity remained relatively steady
at practically the highest level in nearly four years

NATION'S BUSINESS for June, 1935

Everybody Owes the Government

By E. S. DUFFIELD

Washington Correspondent, Chicago "Tribune"

SUPPOSE one bank had mortgages on 850,000 homes, 600,000 farms, 2,000 business establishments, 99 ocean vessels, 64 railroads, and assorted other things like insurance companies, cotton, hogs, and power projects.

Suppose that, in addition, it actually had partial control of 8,300 other banks in the country. Suppose its entire stake in the United States was roughly \$9,000,000,000.

Now stop supposing and realize that there is such a bank and that its name is the United States Government. That is what is meant when people say that Uncle Sam is the nation's banker.

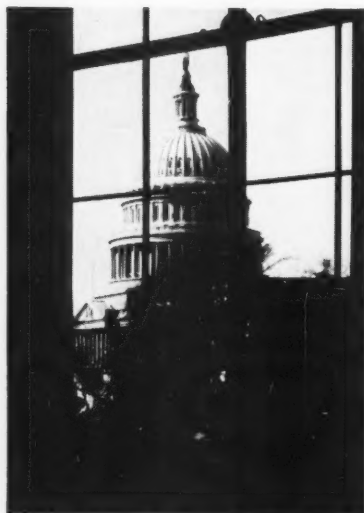
The United States Government actually has all those loans on homes, railroads, farms, and ships, and in addition a long string of other loans. All these are grouped in the table on page 36. As nearly as can be estimated, although it is impossible to eliminate duplications, the Government has outstanding 4,500,000 loans.

It is important to realize just how vast this Government banking business is. The largest private bank in the country has total assets, that is, loans, investments, mortgages, etc., of only \$1,900,000,000. The half dozen biggest banks in New York would have to be merged to make as huge a financial institution as the Federal Government.

You can travel across the country on railroads that are in debt to the Government. From New York to Los Angeles you can cash your checks in banks partially owned by the Government.

Perhaps every second farm and a goodly number of city homes which you would see from your Pullman window would have some sort of Government lien on them. An occasional factory chimney would be belching smoke from coal financed by the Government, and most of the big building projects would be the result of Government loans or grants.

You can even sail across either ocean on a vessel for which the Government has put up a part of the



money, and, if you wandered to Russia or China, you might eat white bread or buy cotton cloth which had been made possible by a loan from the Reconstruction Finance Corporation.

These are facts. To state them is not to criticize. Failure to state them or realize them only covers up an enormously important factor in the country's economic life—perhaps in its political life, too. These facts have sprung up in the past two years, virtually overnight, and America must get acquainted with them if she is to understand herself. There are a swarm of pros and cons.

Emergency financing

WITHOUT this great outpouring of federal cash and credit almost two million families might have lost their homes. A good many railroads might have been sold for junk, and a good many more banks might be vacant buildings with "For Rent" signs on the windows.

Judges who ordered mortgage foreclosures were being dragged off their benches and beaten by mobs of desperate farmers until the Farm Credit Administration eased the tension by mortgage refinancing.

Jesse H. Jones, chairman of the RFC, admits now that the Corporation will take a loss on its famous 90 million dollar loan to the old Dawes

bank in Chicago, but that loan, Mr. Jones says, staved off the national banking crisis for six months. Some economists have guessed—they could only guess—that if Senator Couzens had not blocked a similar loan to Detroit banks in February, 1933, there would have been no banking moratorium in March.

Tiding insurance companies over a temporary rough spot, the Government protected thousands of policyholders from the loss of their savings.

The wheat that went to Russia and the cotton that went to China meant money in the pockets of some American farmers—even if it was taxpayers' money. You have heard political spellbinders of both administrations crooning this whole story over and over.

But the man who knocks a hornet's nest off the eaves of his house has solved one problem and loosed a thousand more. On how many of these loans will Uncle Sam get stung? That is only one question which the country will still be trying to answer ten, 20, even 60 years hence. Some of the loans run that long. And suppose the hornet dislodger does get stung? Isn't that better than abandoning the house to the hornets?

There are other, deeper questions. What will be the effect on the country of having millions of individuals in debt to the Government? Will the easy money boys in and out of Congress be as insistent that Uncle Sam forget his farm and home mortgages as they are that he remember the bonus? Will business men, farmers, and home owners vote against an administration to which they are in debt? Will we ever understand what happens when \$9,000,000,000 of government credit is transfused into the body politic?

First, how about the chances of repayment. There is a fine assortment of stories purporting to show that a lot of the money is gone for good. There is the tale of a man who got from the Farm Credit Administration a \$10,000 crop production loan on his Florida orange grove, used it

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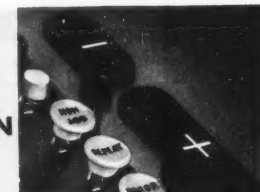
Two or more keys can be depressed at a
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To take a total, depress the total key. At this single motion
the machine operates and prints the total.

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bar. Subtraction is as fast as addition.

This Burroughs Adding Machine has many new, improved features that make figuring faster, easier, more accurate. It eliminates many needless motions. It provides many operating short-cuts POSSIBLE ONLY on the standard visible keyboard. It is also typically Burroughs in workmanship, quality and long life. For a demonstration or descriptive folder, call or write the local Burroughs office.

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Who Owes the Government

	NUMBER	AMOUNT
Commodity Credit Corporation, guaranteed loans to farmers	1,214,646	\$ 276,249,230
Export Import banks, loans to exporters	20	23,000,000
Subsistence homesteads	200	700,000
Federal Housing Administration, loans guaranteed	207,000	74,000,000
Inland Waterways Corp., loans to five cities	8	618,000
Public Works Administration:		
Loans to cities, states, etc.	2,226	732,736,000
Loans to railroads	30	197,126,000
Total PWA	2,256	\$929,862,000
Home Owners Loan Corp., mortgage loans on homes	846,978	\$2,555,626,978
Home Loan banks, loans to mortgage financing companies	3,224	140,661,344
Shipping board bureau, loans on ships	99	111,600,000
TVA, loans to cooperatives		300,000
Federal Reserve Banks, loans to businesses	1,000	26,163,000
Farm Credit Administration:		
Farm mortgage loans by federal land banks	240,305	933,316,735
Farm mortgage loans by land bank commissioner	374,098	674,714,078
Loans to cooperatives, others by federal immediate credit banks		336,561,367
Crop loans to farmers, production credit associations	172,642	135,399,000
Loans to farmers, regional agricultural credit corporations	93,344	304,302,300
Emergency crop loans to farmers	629,518	48,537,256
Drought loans and supplemental advances to farmers	747,626	49,856,142
Miscellaneous loans to cooperatives	992	119,746,940
FCA Total	2,258,525	\$2,602,433,818
Total, all except RFC	4,533,956	\$6,741,214,000

IN ADDITION to these lending agencies there is the Reconstruction Finance Corporation which is listed separately because some of its loans, for instance, its loans to the federal land banks, may duplicate money listed under other agencies above. To cull out all these duplications is impossible. If they are disregarded and the RFC totals added to those above, the grand total would be 4,546,644 loans aggregating \$9,443,000,000.

Reconstruction Finance Corporation

Loans to banks	2,515	\$ 538,000,000
Preferred stock in banks	8,300	983,000,000
Loans to industries	1,000	13,000,000
Loans to railroads	64	380,000,000
Loans to insurance companies	65	23,000,000
Mortgage company loans	333	152,000,000
Loans to building and loan associations	229	12,000,000
Loans to joint stock land banks	14	4,000,000
Loans to livestock credit corporations	9	1,000,000
Loans to agricultural credit corporations	4	1,000,000
Refinancing of drainage, levee, irrigation districts	69	21,000,000
Financing of self-liquidating projects	84	133,000,000
Loans to exporters	2	15,000,000
Relief loans to states		298,000,000
Advances of federal land banks		72,000,000
Advances to Commodity Credit Corporation		45,000,000
PWA security transactions		11,000,000
Total RFC	12,688	\$2,702,000,000

to raise a bumper crop, and then was prevented by the agricultural adjustment program from selling enough oranges to repay the loan.

The Home Owners Loan Corporation was once the happy hunting ground for such stories. There were yarns about HOLC appraisers getting jobs with no training in appraising houses except what they picked up defending their local congressman in barber shop arguments. When these tales burst forth on the floor of Congress, John H. Fahey, chairman of the HOLC, went before the rules committee of the House of Representatives and entered a vigorous defense. He said:

In the 18 months since actual lending began until the first day of this month (March), the HOLC has saved the homes of about 800,000 families in distress and in round figures disbursed \$2,500,000,000. No lending institution of any kind, at any time, has ever made so many loans of this character to as many persons in such a limited period. The total volume of business done within this period by the Corporation is greater than that of the two largest industrial corporations in the world at the peak year of their prosperity in 1929.

This Corporation will suffer some losses because of loans made in the early months of its operations through lack of care and departure from regulations fixed by the board. In our judgment, however, they will prove to be amazingly small in number and amount.

Good record on loans

MR. FAHEY added that although \$2,500,000,000 was being handled, only five instances of embezzlement involving only \$2,664 had been uncovered. Only 367 loans "insufficiently secured or defective" have been found and, of these, only 11 will entail actual losses, the HOLC believes.

Of all the lenders, Chairman Jones of the RFC is perhaps the most optimistic. He has reason to be, considering his record to date. Since its operations began in February, 1932, the RFC has lent about \$5,396,000,000. Of this, \$2,694,000,000 has already been repaid, leaving \$2,702,000,000 yet due. In other words, Mr. Jones already has collected 50 cents on the dollar.

Out of \$1,843,000,000 which the RFC lent to banks, all but \$538,000,000 has already been repaid. Building and loan associations have repaid \$103,000,000 of the \$115,000,000 they borrowed. On the other hand, the railroads have repaid only \$72,000,000, and the states which "borrowed" \$300,000,000 for relief before the coming of the New Deal have repaid only \$2,000,000.

The RFC, Mr. Jones hopes, will close its books with little or no loss on principal. But many a sick loan will have to be nursed back to life and while he is walking the floor with these weaklings Mr. Jones may get into some jams.

When he foreclosed on the Dawes bank loan, for instance, Mr. Jones suddenly found himself in control of all of the common stock of the Public Utilities Securities Corporation, a super-holding company in the St. Louis utility system. Not only was Mr. Jones dubbed the "gas man of St. Louis," but the Senate started clamoring for the abolition

(Continued on page 87)

"What are you going to do when you grow up?"



"We don't have to decide now whether some day you will come into business with me or strike out for yourself. But one thing is sure—before you tackle any real job you must have an education. Ever since you were a year old I have been arranging for it.

"I'll provide the money through what is called a Program of Life Insurance. Some day I'll explain it to you. And there will be money for your mother and a home for you both—should anything happen to me.

"One more promise that I'd like to make. If the day comes when I wish to give up work and enjoy my hobbies, I don't intend to be a drag on you. The Program will take care of me—you won't have to."

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Without obligation on my part, I shall be glad to learn more about a Program of Life Insurance which includes an Educational Fund.

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METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

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The name expert has a throne in the advertising department

CHARLES DUNN

You've Got to Sell Glamour

By RUTH McINERNEY

RETAILING capitulates to the Hollywood, radio and World's Fair influence.

Not selling, but staging. Not departments, but little theaters of merchandise. Not display manager but scenic director. The promotion man is a first-rate press agent, and the store's president possesses all the instincts of a good showman.

One store even has a color organist to play dreamy tone tunes on an illumination device.

Leading the new retail rhythm are the Name Experts. Not long ago the merchandising world was poking polite fun at these pioneers of the new movement.

Take Christine Holloway of Phoenix Hosiery who began giving names like *Deep Night*, *Tandem*, and *Tally-Ho* to shades of women's hosiery. Remember when John Margulies of Worth and Worth, New York, took his courage and the men's hat industry in hand and brought out such sentimental numbers as *St. Moritz* and *The Lido*? Now he's heading a coast-to-coast hat network.

Name experts are important vertebrae of the business backbone. Companies handling everything from clocks to coal welcome them with open arms, kiss them on both cheeks and install them on thrones in the advertising department.

EVERYBODY knows the results of giving a dog a bad name. Clever merchandisers, more recently, have found out that the reverse of this proposition is equally true. The result is a new twist to selling to which an observant customer here calls your attention

Because—named merchandise makes news, and more profit—five, ten, 20 times more. A name takes the curse off mass production. It adds the glamour that the public is being trained to expect.

What have the name experts been doing? How do they do it?

Intuition to pick names

IT TAKES sales intuition to know when to name a pair of women's slippers *Escapade* or *Acanthus leaf*. (It depends on the slippers and who is to wear them.) Women in some parts of the country respond to *Cocktail Tie* but not to *Roll-Your-Own*. There's more customer satisfaction to shoveling in a coal named *Sahara* than a nameless one.

Recently, a manufacturer of pots and pans was tearing out his hair by hand.

"The blockheads," he raged, biting at a communication from the shipping department. "They've run off two carloads of pots in sets of five.

No woman wants five pots at a shot—"

"Hmm," mused a Name Expert. "Have You a Set of Quintuplets in Your Kitchen, Madam?" Call them *Quintuplets*. They'll sell."

They did.

Why do ten times more women buy a shade of hosiery when it is called *Gala* than when it's offered as plain beige? How is it that three times more men purchased a gray felt hat called *Tyrolia*, though most men's gray felts are gray felts, the world over. A furniture merchant offered "New Modern Furniture." A smart competitor down the street, however, drew the customers with the same line, renamed alluringly, if obscurely, *Transitive Classic*.

Unnamed merchandise has to rely on price. But anybody can mark down a tableful of rubbers to 39 cents and dispose of them. It takes human nature sleuthing to select a lot, name them *Rainbeaus*, and watch them sell at a profit.

Christine Holloway has no diffi-

CHEVROLET TRUCKS



The best proof of their quality is the money they save you in haulage costs

Men who operate great fleets, as well as men who operate a single haulage unit, are well aware of the *money-saving advantages* of Chevrolet valve-in-head six-cylinder trucks. Not only do these trucks sell at the *world's lowest prices* . . . not only do they give the *greater operating economy* you logically expect from six cylinders . . . but they also *stand up better* and save you more money by their long-lived dependability. This is due to the skill and thoroughness with which they

are manufactured. Chevrolet builds *extra strength* and *extra durability* into them, that you may get *extra service* and *extra value* out of them. Chevrolet Trucks are *quality products* all the way through—and the best proof of their quality is the money they save you in haulage costs. Visit or phone your local Chevrolet dealer for full details or a convincing demonstration of the efficiency and economy of Chevrolet Trucks.

CHEVROLET MOTOR CO., DETROIT, MICH.

Compare Chevrolet's low delivered prices and easy G. M. A. C. terms. A General Motors Value



culty finding names for 12,000,000 pairs of hosiery every year—names that people in all parts of the world know and remember. Even the sweet things in Turkestan love a shade called *Fluff*, and if the women of Labrador do happen to mispronounce *Gadabout*, they know what they want. Interrelated color projects (such as the Doggy Shades, *Spaniel*, *Collie*, and so on) sell ten to 20 times more than unnamed shades, in 60 world markets, using the actual names without change of spelling or translation.

Another hosiery company knows the diplomatic depths of names; they call their short-legged lengths *Brev*; long-legged ones, *Duchess*; while the stoutish lady unembarrassedly asks for *Classical* and feels understood.

Nor are the name experts halted by such articles as dishes, crackers, clocks, doorbells.

You ask for a 64-piece dinner set by saying *Dinner-at-Eight*. The *Zodiac* is a service plate. A bakery calls its cinnamon cake *Hilltop* after a local ball team. Cracker men cracked new cracker markets when they thought up appetizing names like *Martini Tidbit*, *Japanese Cocktail Biscuit*, *Pilot Wafers*. A certain booklet of recipes by the Durkee Company helped give housewives an extra menu thrill this year when they were enabled to mention nonchalantly to guests:

Appetizing names

"DO have some *Canapés à la Midway* and *Arcturus Rolls*. I want you to try *Skyride Sandwich Loaf* and *Avenue of Flags Salad*. There'll be *Tropical Garden Pudding* for dessert."

As with safety pins so with clocks—do people use only a certain amount? The Telechron Company is increasing the sales saturation point for clocks by designing them for every possible use. There's *Pharaoh* for a mantel, *Consort* for the bathroom, *Smug* for children, *Quacker* for a nursery.

General Electric's *Morning Star* has suitably soothing properties, and *Commerce* is a strictly business clock.

A piece of furniture becomes irresistible when called *Snuggle-Sofa*. Customers wishing cathedral-like door bells ask for *Mello-Chimes*. Leading manufacturers agree that there is no more reason for advertising an item as Number AXKa-EA-43 than for publicizing the scrap heap back of the plant.

People remember names long after the numerals are forgotten.

What about the stronger sex? Are men as impervious to retail dramatics as sou'-westers to rain? Do they still buy merchandise and not its meaning?

John Margulies says that a well-named hat is a three to one favorite over a good unnamed one, although some names sail high in some parts of the country, but fall flatter than a pricked balloon in others. The cowboy has been known to shoot to kill when attempts are made to substitute a smartly styled city hat for his beloved sombrero—but introduce him to new color tones in neckwear—*Pirate Green*, *Starlight*, *Blue Ice*, *Argentine Red*—and the husky he-man's jaw softens as he reaches for his money pouch.

Mr. Margulies' canniness for names started when he named Worth and Worth.

"There is no gentleman of this name connected with the project, but the words, especially in repetition, seemed to breathe dignity and distinction—and were easy to remember."

Though Mr. Margulies didn't originate the idea of naming men's hats, he raised the hit-and-miss, much-smiled-on trend to the dignity of an institution. Like most name experts



The husky he-man's jaw softens when you introduce him to new tones in neckwear

he gets his ideas out of the dictionary, history, mythology, geography, literature, the newspapers and the air. Sometimes it's necessary to find a name for an article; and sometimes an article is built around a provocative name.

Names facilitate sales. Whenever you see a salesman standing outside the store with a customer who

gesticulates and points incoherently at an object on display, while the salesman asks impatiently:

"Which one?"

"That one there, the little one behind the pink one to the left of the rear—"

—you'll know you're looking at retailing without name experts.

Make departments appealing

NOR is the trend toward names confined to the merchandise.

At Mandel Brothers in Chicago "Taffeta Whispers after Dark in the *Evening Shop*." Babies and mammas love the children's wear in the *Toddle Torner*. Meet *Star King*, *Spring Air*, *Smoothie*—all staunch mattresses in the *Slumber Shop*. Across the *Sweater Bar* customers select color cocktails of slipovers. Hundreds of hay-fever sufferers smoked pipes of comfort or read in the pollen-free *Alpine Room* last summer. Three child recreation specialists manage the *Playroom*.

Consider the sales resuscitation qualities of names. Like pulmotor squads they work on a typical dress section, for instance; if a smock loses drawing power as the *Bubble Smock*, it may be re-named *Peter Pan*, *Market Boy*, *Butcher Boy* in succession as one name wears out.

Departmental borderlines are blurring. Departments merge, divide, reassemble. Consider a hardware department; it dissolves and reappears more strongly than ever as fetching units called *Tick Tock Shop*, *Kitchen Gimcracks*, *The Toolery*, *The Diner*, *The Pottery*.

The naming expert's flexible mind weaves in and out of the store. He thumbs the handy indexes of his supple brain and comes up with titles for individual items—*Top-of-the-Morning*, frocks; *Color Puffs*, pillows; *Fisher-Folk*, net curtains.

It's true, some names have been overworked. They have contracted anæmia as the result of long hours spent in retail service. Some of these are *cocktail*, *hostess*, and *bridge*, each of which has been used

relentlessly. But this is a minor murmur in the growing hum of activity that the namers are bringing to business. Retailers recognize that it's cheaper to induce a customer to buy while he's in the shop than to get him there.

For a customer in the store is worth two at home.

No Business Can Escape Change

**New days bring better, easier
and cheaper ways of getting
the world's work done**

Protection of articles in shipment or storage is lent by a new non-inflammable liquid which, after application, turns into a water-proof, air-tight coating of live rubber. It is sprayed, dipped, or brushed on, is said to strip off cleanly, easily. . . .

A new pneumatic tire, designed for use on horse-drawn delivery wagons, has extremely tough sidewalls to resist curb chafing, shallow tread design to minimize stone pickups. Assemblies of wheels, axles, brakes may be had with the tires. . . .

Firemen speed to fires comfortably seated, sheltered from wind, weather and dangers of collision, in a new sedan-type engine. The enclosed body is of shock-resistant, all-metal type. . . .

A new model auto is quickly changed from a pleasure into a commercial delivery car. It has a removable rear seat, two doors opening as in a two-door sedan, a third in the back. . . .

Freezing unit of a new refrigerator for rural homes consists of two metal balls joined by a metal tube. Heating the "hot" ball forces the refrigerant into the "cold" ball; the latter cools the cabinet as the refrigerant vaporizes and returns to the "hot" ball. . . .

There's no danger of nicked fingers with a new portable electric fan—even though it has no guard. Looped rubber ribbons, which set at standard pitch when the fan's going, form the blades. . . .

A new electric tea kettle can be plugged into any outlet, heated on any range or, for hot water in a jiffy, can be both plugged in and put on a range. It whistles when it boils. . . .

Standard electric irons are converted into cordless models through a new wired ironing stand. The iron's simply placed on the stand, and a special plug makes electric contact. . . .

A new line of lighting fixtures is made of molded plastic. The fixtures are available in a variety of pastel shades, are said not to fade, peel or craze. . . .

A new, small plug-in time switch for home use can be set to turn the radio on or off at definite times, automatically defrost the refrigerator, control other appliances. . . .

Ice serves as a refrigerant in a new summer air-conditioning unit, of portable or stationary type. Air is cleaned, cooled by an ice spray mist, dehumidified, then circulated by electric fan. . . .

Metal tubes will be used in one manufacturer's fall line of radio receivers. Greater continued efficiency is claimed for them. They are not interchangeable with glass tubes. . . .

Music comparable with that of the pipe organ can be had in schools, small homes, etc., through a new electric organ, smaller than an upright piano. It is played just as is a pipe organ. . . .

Hand pumping is eliminated in a new, trigger-operated insecticide gun. It attaches to the garden hose, uses any water-soluble insecticide, ejects a penetrating, wide-angle spray. . . .

A simple method of etching initials on glassware, identifying marks on windshields, etc., is provided by a new etching compound and aluminum-foil stencils. The paste contains no hydrofluoric acid. . . .

Practically any design printable on paper can be reproduced on glass and plastic containers, and in as many colors and variations, through a recently developed process. . . .

NATION'S BUSINESS for June, 1935



Top-icing of refrigerator cars containing green vegetables is facilitated by new portable equipment which pulverizes cake ice, blows it through a hose and sprayer to cover the contents

A new one-coat enamel, said to be highly resistant to perspiration, is offered for use on steel office equipment, telephone, etc. . . .

Exceptional corrosion resistance is claimed for a recently developed, quick-drying primer for aluminum and magnesium alloys and other metals. The pigment is zinc chromate, the vehicle is chiefly synthetic resins, with toluol as a thinner. . . .

A new adjustable coaster chair for draftsmen attaches to the drawing table, provides effortless rolling movement along the table's length, also forward, backward movement. . . .

Food manufacturers are offered a new automatic machine for pre-heating and mixing prepared foods such as corn beef hash, etc. Totally enclosed, with continuous feed and discharge, it is said to permit exact control. . . .

Thirty-six hundred eggs per hour are said to be handled by a new automatic egg breaking and separating machine. . . .

Widened use of timber framing is seen through the development of ring-type metal joint connectors, said to give stronger joints, to be lighter, cheaper than ordinary fastenings. . . .

Diesel locomotives for underground mining operations are now available. They are said to cut the cost of tramming, can be equipped with scrubbers which remove exhaust odors. . . .

Automatically raised and lowered targets which can be set for any desired interval of exposure through an electric time-control are now offered rifle and pistol marksmen. . . .

Fishermen's luck is said to be increased by a new lure and chum made from milk processed into insoluble flakes. For salt or fresh water use, it lures fish to the vicinity of the hook. . . .

Clean hits, no losses are provided by a new metal golf tee. It has an arm, free to spin, on end of which the ball's teed. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

The Professor's Place in Government

By LANE W. LANCASTER

Professor of Political Science, University of Nebraska

A MAN who knows professors studies the idea of a governmental "Brain Trust" and explains why the application of this idea has dangerous possibilities—both for the scholars who give the advice and for those who follow it

IT IS generally believed that brains are valuable in the service of the state. It is reasonable to suppose that brains are likely to be found among those who give their days and nights to study. A logical conclusion to be drawn from these two premises is, therefore, that professors should be placed in positions where governmental action can be guided by brains.

The academic community, at least, has felt that professors whose professional interest is in the field of public affairs might reasonably be called upon to assist in solving such baffling problems as unemployment, trade rivalries, labor contests, taxation, and international peace. The seductive argument is that, in an epoch of turmoil and insecurity, it is the scholar's duty to forget his traditional aloofness from public affairs and put his skill, knowledge and wisdom at the disposal of his fellows.

Opposed to this argument is another point of view, less widely held but far more tenable. It is simply this:

It is not the business of the scholar to involve himself in the practice of the art whose theoretic subject-matter he professes.

James Rowland Angell, president of a great American university, was one of the first to call attention to the dangers which beset the scholar who forsakes his academic grove, dons the armor of a righteous cause and goes forth to do his part in the

glamorous enterprise of setting the world right once more.

Speaking lately of the heavy drafts made upon his faculty by state and national governments, President Angell called attention to the fact that such service by professors not only interferes seriously with their academic duties but may also lead to public controversies by which "the university gets drawn into the picture in

ways which may be quite prejudicial." Perhaps, at first glance, this seems to be a flimsy argument against the services of a "Brain Trust." Certainly interference with academic duties and controversies prejudicial to a great university are a small price to pay for economic betterment. Before we arrive definitely at this conclusion, however, it is well to find out

first if this is the only price we must pay for the services of professors and, second, how much economic betterment is likely to result.

This study can begin with an examination of the professor's training for the rôle in which he is to be cast.

It is important to note at the outset that the scholar is a seeker after truth. Truth is ageless. If it is true that hydrogen and oxygen in a certain proportion form water today, they will form water tomorrow and always. Two and two are four today just as they were when the Arabians devised our system of numerals. But people are different. And the science of government deals with the changing wishes of the people.

The need for politics

YEARS ago I sat in a council meeting in a small city. Increased traffic made necessary the paving of an east-west street through the town. The logical choice was between two streets. A portion of the cost would rest on owners whose property abutted the improved street.

Residents of both streets had flocked to the meeting to protest the paving of their street and to urge the paving of the other. Both groups threatened court action if their street was chosen.

All the pure reasoning in the world could not have solved this problem. What was needed was compromise; negotiations; give and take; some expediency of the moment which would reconcile conflicting elements of so-



The differences between the man of thought and the man of action seem fundamental

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cietly to the general welfare. That is the way all political problems must be solved.

For this reason the government of men normally proceeds in accordance with a short-range view of affairs. Even the program drafted with future benefits in mind faces the immediate practical need of getting a law passed.

Because of this government is usually and necessarily in the hands of men who are experts in adopting the means of obtaining action. These men are the much maligned politicians, the essential manipulators of the democratic machine. They are crass, indeed, and suspicious of theorizing, yet they are indispensable servants of the public.

Practicality comes first

FOR them truth is whatever will win; ideas are valid only insofar as their espousal will keep the party organization intact. Thus no less a figure than Gladstone is reported to have said that, when one's opponent is speaking, it is fatal to ask, "Is what he is saying true?" The practical question is, "How may I best reply?"

Brand Whitlock tells an equally illuminating story about James G. Blaine, whom he first met in the course of the congressional campaign of 1890.

"When he learned that I was from Ohio," writes Whitlock, "he asked me suddenly if I could name the counties which formed the several congressional districts of the state. I could not, of course, do that, and I supposed no one in the world could do it or even wished to do it; but he could, and, with a naive pride in the accomplishment, he did, and then astounded me by saying that he could almost match the feat with any state in the Union."

Thus it appears that the first demand of public life is a demand for action. The scholar who deserts his lecture hall to mount the hustings, is bidden to *do* something. He is to sit on public commissions, and hobnob with department heads, governors, mayors and county boards. At any rate let him crusade and agitate.

The real question then is:

Can the scholar, the man of thought, do equally well as a man of action?

Now, regardless of how we look at it, the differences between the man of thought and the man of action seem fundamental and irreconcilable.

Academic people, in common with the clergy, belong to a kept class, freed from the hazards of the usual competitive struggle on the tacit assumption that such freedom is neces-

sary for the effective performance of their work. While this description of the status of teachers and clergymen is often meant as a pleasantry, it is the part of wisdom for them to admit its essential truth and make the most of its implications for their lives. Whether or not they earn their keep has little to do with the argument at this point.

Being guaranteed a degree of economic security not enjoyed by other groups, scholars find it easy to be "liberal" and to indulge their own rosy dreams for the future.

This security makes it possible for the scholar to take what he complacently calls the long view of affairs—a view which he is prone to urge rather insistently upon business and government. This view is possible to academic persons precisely because circumstances do not require them to *act*. It is an almost absolute impossibility to the man who must hammer out a public policy under the stress of circumstances and at the focus of powerful pressure.

It is doubtless true that the thinkers have been the really important men in human history; but this leaves out of account the fact that, while a Plato, for example, can wait two thousand years for his vindication, the man in public life has no such margin.

This may be put in another way. The man of thought is preoccupied with ends; the man of action must devote himself to *means*. It is difficult under such circumstances for him to see to it—even if his mental make-up permitted it—that each act is guided by some deep and abiding principle, the proving of which he can confidently leave to the future.

Laying down neutrality

IT FOLLOWS from this that, when the scholar whose proper business is the pursuit of truth essays the rôle of the man of action, he destroys his only claim to the advantage of security—the claim of neutrality and disinterestedness. When he enters the lists, he reduces himself to the status of one more interested party and thus deprives society of any value which may reside in a class which habitually holds itself aloof from the struggle.

Moreover, the assumption that the scholar, because he *knows*, is in a position to *act*, is an error which arises out of the failure to distinguish between the man of *intellect* and the man of *intelligence*. Of course, this may be only another way of distinguishing between the man of thought and the man of action, the man of ideas and the man of expedients. The

man of intellect may indeed be in a position to point out, on the basis of his reflection, the inconsistencies in a proposed policy. But precisely because these inconsistencies require long periods for their complete demonstration, his opinions are normally of little real interest to those who govern mankind at first hand and in the all-too-immediate present.

Thus it is normally not difficult for the trained economist or logician to demonstrate the absence of consistency in any public policy—in fact, he can usually demolish such a policy almost offhand. In the long run, of course, he may be right. On the other hand, most intellectuals, when facing such complicated concrete situations as every government meets in troublous times, commonly find their wisdom helpless. In advising the ruler of Syracuse, Plato came to grief, though much of what he wrote is still treasured.

Theorists find little support

THE inadequacy of Harrington and Locke as constitutional advisers affords a serio-comic footnote to the history of the English colonies in the New World.

Jeremy Bentham vainly peddled his codes and constitutions to the severely practical rulers of his own day. What was solid in his teachings had to wait to be applied by a posterity largely ignorant of his very existence.

In our own day I think it not far from the truth to say that the intrusion of the scholar into practical affairs has almost always failed to advance appreciably the cause to which he has devoted his efforts, and has almost never failed to raise widespread doubts as to the integrity of his profession.

As President Angell puts it, the university itself "gets drawn into the picture in ways which may be quite prejudicial."

In short, the Republic of Plato is possible only where the mass of men are without political influence. Taking the world as we find it, the most valuable equipment of a successful ruler is not the wisdom of the study, but an intuition in sensing the practical realities of a situation.

This intuition is but feebly echoed in what is written in books. It is born rather of years of dealing with the raw stuff of human nature. As a tool of policy it is dulled rather than sharpened by the discipline of the scholar.

Even if this much of the argument be accepted, it may still be urged that there is room for the scholar in that branch of government called administration. As a teacher of poli-

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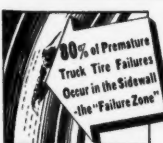
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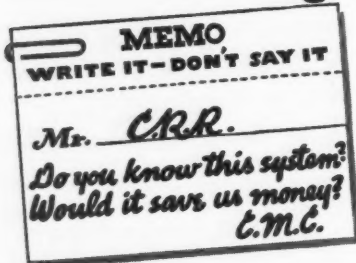
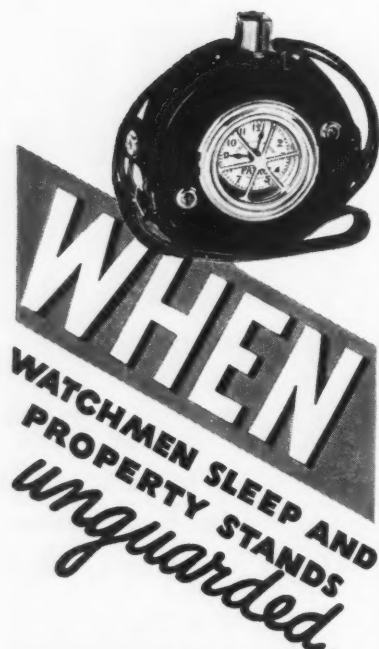
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NEWMAN * ECO * ALERT * PATROL

tics I am aware of the distinction some writers make between politics and administration. Books tell us that politics is the business of discovering the will of the community and that administration is the comparatively minor, almost menial, task of carrying out that will. All students of government are familiar with this distinction and many of them, no doubt, teach it as one of the "principles" of politics.

In the *art of government*, however, it would seem to have only a limited validity. It is at best only one of those broad classifications which has some value in quiet times when the issues at stake are not vital to powerful groups.

This view is borne out by observing how the lobbies at Washington shift their attention from the "political" branch of the Government to the great administrative agencies to which an overworked Congress has been compelled to delegate legislative powers.

Administration is political

AT ANY rate, one of the conclusions drawn from the distinction between politics and administration is that in the field of administration there is opportunity for the man of intellect, even though we may have to abandon politics to the clever improviser. It is easily possible, however, to draw too much from such a distinction. Life does not fall so readily into the neat categories of the textbooks. Anyone who has held even a minor administration position, anyone indeed who has had to make the sort of decisions that a university professor has to make in managing his class, knows that in nearly every case there are imponderables which require some departure from the fixed rule; that is to say, the exercise of some discretion of a sort which no rule or statute can anticipate.

Decisions in such cases are compounded of rational judgment and non-rational intuition in a proportion which stubbornly resists analysis. In practice, the two spheres of policy and execution shade into each other imperceptibly. There is, for this reason, hardly such a thing as non-political administration.

It follows that, though in the directing of research, in the amassing of data, perhaps occasionally in giving advice, the scholar may have his place, he has little to contribute as a scholar in the field of responsible administration.

Thus it is fatuous to regard a professor, say, of economics, who has been lent by his university to a government department, as either succeeding or failing by virtue of a mas-

tery or a failure to master the "principles" of his science. The powerful groups contending for his official favor know that this is not the case. In the end the "scientist" is swallowed up in the politician. In such cases, in short, the official's success depends essentially upon his becoming a man of action.

This discussion would seem to demolish the case for the scholar as an influence in affairs. But such a conclusion, I think, does not follow.

Though it is not his duty to act, it is emphatically his duty to gain insight into what goes on about him. The imperative necessity for that sort of action which the ruler finds necessary in order to advance to a place where he may act again precludes the gaining of such insights. These are achieved only during the long hours in which the mind of the thinker broods over what his reading and observation have given him.

These teach him that men have been governed and misgoverned in dozens of ways, that there are few absolutes and universals in human affairs, and that what appears to be shocking to those who have constructed a fixed pattern by which they fondly think they live, has appeared before and is altogether likely, in some new guise, to appear again.

And those who are condemned by circumstances or temperament to a life of action can, it seems to me, profit by contact with those whose position enables them to view public affairs under the aspect of eternity.

Restraining hasty action

THE world will never lack men of action. The great problem of the future seems likely to be not so much to get action as to restrain it. But into those before him whose instincts are toward action the scholar may introduce a little of the habit of reflection and the consideration of ends, so that action, when it comes, may, to a greater degree than before, be informed by a principle calculated to raise it above the level of an animal zest for movement.

It is the proper business of scholars to maintain that unhurried and neutral atmosphere within which students may mature emotionally and intellectually. The scholar loses the opportunity to contribute to this process if he himself takes service with a cause. But if he refrains and succeeds in preserving in a strident world a single place where none has a private ax to grind, it seems to me that he has performed a service for which he need not apologize to the captains and the kings of an urgent society.

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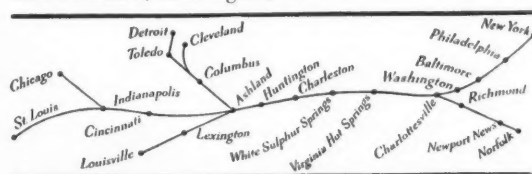
It's your move, stranger..
and you can jump into the King-Row



Strategic moves are the order of the day in business—and many industrial tacticians, faced with the problem of locating a new plant, have made a jump into Chesapeake and Ohio “row” where they have been duly crowned with success!

It doesn't take super-human “master-minding” to figure out the advantage of locating along the Chesapeake and Ohio Railway. Tremendous sources of basic raw materials—low fuel and power costs—abundant American-born labor—and ample supplies of gas and oil are right at hand. And equally important, dependable “on time” transportation—both freight and passenger—is available at all times via Chesapeake and Ohio.

Remember, that 70% of your national market is within 48 hours distance from your shipping platform. With the finest railroad service in the world, plus the greatest natural resources, Chesapeake and Ohio stands unique as an industrial “King-maker.” Investigate this low-cost, profit-producing territory now! For complete information, write George D. Moffett, Industrial Commissioner, Huntington, W. Va.



NOW
IS THE TIME
TO DO IT

George Washington's Railroad
CHESAPEAKE and OHIO
Lines

Original Predecessor Company Founded

by George Washington in 1785

1785 • ONE HUNDRED AND FIFTIETH ANNIVERSARY • 1935

New Ideas in Selling

A brief account of some current events having to do with sales and sales promotion

Furniture and history. A dash of history is skilfully used to season the charm of furniture in the Washington retail branch of W. and J. Sloane. Here three entire floors were recently remodelled into series of model rooms, each set with furniture of a particular period and so arranged that the visitor's path leads him from period to period in a chronological sequence covering some 300 years of furniture design.

One floor is devoted exclusively to home-like bedrooms. Simple, substantial Early American pieces grace the first room, the slightly elaborated Early Colonial the next, with Colonial, Hepplewhite, Sheraton, Chippendale, Adam, American Empire and Modern groupings following in order. Model living rooms, complete and authentic down to window draperies and wall decoration, are arranged in similar order on another floor, and the third floor is given over to dining rooms.

A card over the doorway of each room announces its period, while inconspicuous tags tell the price of each piece and, in some cases, the historical background of the piece. But for these tags, the visitor might easily imagine himself in a museum, so carefully and completely have the displays been worked out.

Indeed, it was the educational as well as the merchandising values of such an arrangement that led Manager C. E. Whitmore and his aides to undertake the extensive remodelling that the plan entailed.

"While the enhanced display value that such settings offer was a major consideration," Mr. Whitmore explains, "we also felt that they would fulfill a purpose which should be close to the heart of every furniture man. That is the education, not only of the buying public but of children, in what constitutes good furniture and good design in furniture, how the various period designs reflect our own national history, and how pieces can be grouped to realize most fully the possibilities of given rooms."

Teachers' requests for permission to have their pupils view the rooms, as well as a record of some 5,000 adult visitors during the six weeks which, at this writing, the rooms have been on view, testify to the plan's effectiveness from both standpoints.

Sales promoters: "Display and service" cars, carrying three-man crews, are making the rounds of one large oil company's eastern dealers in the interests of dealer cooperation and sales. The cars are fully equipped with tools, signs, advertising material, etc. With the dealer's permission, the crew completely refurbishes and rearranges his premises. Pumps are cleaned and polished, islands whitewashed, pits and rest rooms cleaned, display windows rearranged

and other chores performed to make the station more attractive and efficient. The crew captain goes over the dealer's merchandising problems with him, explains new methods, and proves the sales possibilities of neighborhood solicitation by accompanying the dealer on a canvass. Back of these activities is the idea that they will provide examples in station maintenance and merchandising methods which the dealer will follow permanently.

Wren houses provide a new advertising medium for another oil company. They are exact reproductions of the company's English cottage type service stations and are sold at a nominal price through the service station operators.

Balloon races for the youngsters are being advanced as a promotion stunt for department and other stores. Balloons of special design, which are inflated with gas generated by dropping a mixture of chemicals into a bottle of water, are used. They carry mailing cards bearing the young balloonist's name and address and a request to the finder to enter the time and place of finding before mailing the card back.

Refrigerators for rent. The rental plan of selling electric ranges (and increasing current consumption) having been placed in successful operation by a number of electric power companies, the

Georgia Power Company is exploring the idea further by renting electric refrigerators.

The offer is restricted to the chest type of lift-top refrigerator and is designed primarily for the use of the company's 45,000 low-consumption customers—those using less than 35 kilowatt hours a month and hence non-users of refrigerators—and is worked out on a five-year basis.

Terms for the first year are \$1.25 monthly during the six cold-weather months and \$2.25 during the six warm months. During the remaining four years, 75 cents is charged during the cold months and \$1.75 during the warm. The difference is designed to discourage renting of boxes merely for the summer. The company takes care of repairs.

At the end of the five years the box becomes the renter's property or, if he chooses to buy it before the five years are up, he is given a credit of 50 per cent of his rental payments.

Chicken count. A "chicken census" which differed a bit from the one which received such wide publicity in New York recently was taken not long ago in Oklahoma City.

The enumerators in this case were Western Union messengers, dispatched by the management of Purina Mills and that company's local dealer, B. F. Gill & Company.

The messengers made a door-to-door canvass of the residential sections, enumerating not only the chickens owned, but the cows, horses, dogs and hogs. Each messenger carried a supply of blanks printed for the purpose, and with rare exceptions obtained all the information desired.

This information enabled the local feed company to classify and segregate practically every feed prospect in the city and to pursue each prospect in accordance with the number and kind of animals owned. Results show that the project has been effective in increasing city feed sales.

—PAUL H. HAYWARD



The model rooms are so arranged that the visitor's path leads him from period to period in a chronological sequence covering some 300 years of furniture design

NATURE MADE ALUMINUM

friendly

TO FOODS



● The friendship between foods and Aluminum isn't the sentimental kind. It is a natural working partnership.

It starts way back in the chemistry of food. There are small quantities of Aluminum in practically all the foods we eat. Mother Nature put it there. At the same time she gave the metal itself fundamental qualities that make it ideal in contact with foods.

Aluminum protects purity, preserves color and taste, and assures cleanliness and wholesomeness.

Confections and cheese, for instance, are wrapped in Aluminum foil for just such reasons. The purity of milk, our most sensitive food, is guarded in the plant with Aluminum equipment, and in the bottle with shining Aluminum hoods.

In meat-packing plant and cannery, in brewery and bakery, Aluminum is used extensively to assure cleaner, purer, better food products. Caps and

seals of Aluminum are on millions of food bottles for the same reasons.

Hospitals, whose business is health, equip their kitchens with Aluminum. Hotels and restaurants, depending upon selling food, join millions of housewives in equipping their kitchens with Aluminum utensils.

As final evidence of friendship, foods are cooked in Aluminum more economically because nature made Aluminum a superior conductor of heat.

The humble saucepan demonstrates three Aluminum fundamentals: complete absence of contamination, high heat conductivity and lightness. These are fundamentals of economic significance to many industries. These are qualities that are ready to be put to work. It has been our continuous objective to give Aluminum the mechanical properties to do that work well and economically. ALUMINUM COMPANY OF AMERICA, Gulf Building, Pittsburgh, Pa.



forward via fundamentals

Don't leave fire control in the hands of

CHANCE



"The first five minutes at a fire are worth the next five hours" . . . is an axiom among firemen. Belated discovery . . . delayed or inaccurate alarms . . . are the underlying causes of nearly every serious fire. Unless your protective measures include effective means to detect and report fire *automatically*, you are gambling with CHANCE . . . with long odds against you.

A. D. T. Automatic Protection Defeats CHANCE

A. D. T. Central Station Automatic Protection eliminates the hazards of belated discovery and delayed or inaccurate alarms. The fire department is automatically summoned direct to your premises in those vital first few minutes that usually spell the difference between a trivial loss and disaster.

SPRINKLER SUPERVISORY AND WATERFLOW ALARM SERVICE (for sprinklered properties) makes your sprinkler system function also as an efficient automatic fire alarm. The instant a sprinkler head operates, an alarm is automatically transmitted to the fire department. This service also maintains a continuous auto-

matic watch over every vital part of your sprinkler system to assure that it will always be in operating condition.

"AERO" AUTOMATIC FIRE ALARM (for unsprinklered properties) detects fire quicker than any other system. No matter when or in what part of the building fire may start, "Aero" detects it instantly, and automatically summons the fire department direct to the scene.

A. D. T. Central Station Automatic Services are available in all principal cities. No capital investment is required and substantial economies often result through the elimination of other costly and less effective protective measures.

Send for Illustrated Booklet

. . . fully describing A. D. T. Central Station Automatic Fire Alarm Services.

We will also be glad to make a free, confidential survey, without obligation, of your present hazards and protection. Write A. D. T., 155 Sixth Avenue, New York.

A. D. T. Central Station Services

"AERO" AUTOMATIC FIRE ALARM • SPRINKLER SUPERVISORY AND WATERFLOW SERVICE • WATCHMAN SUPERVISORY SERVICE • BURGLAR ALARM HOLDUP ALARM

Controlled Companies of
AMERICAN DISTRICT TELEGRAPH CO.
155 Sixth Avenue • New York, N. Y.



A NATION-WIDE PROTECTION SERVICE
AGAINST FIRE, BURGLARY AND HOLDUP.

ADT

Concerning Child Labor

(Continued from page 30)

fewer for children as well as for everybody else.

So about the only safe conclusion to be drawn from these reports is that child labor was something less in 1933 than it was in 1930. The textile industry offers further proof of this.

The census of 1930 showed 20,625 children working in textile mills. Of these 10,631 were in cotton mills—about half the number, incidentally, who had been similarly employed in 1920. Of these children, only 3,201, or one per cent of all cotton textile mill employees, were less than 15 years old.

For textiles, as for other industries, the census is the latest official general count of employees. Partial figures are available, however, through the activity of the South Carolina State Department of Agriculture, Commerce and Industry. A survey made by this agency in 1933, before the codes were adopted, showed only 368 persons less than 16 employed in cotton mills. This was a decrease of 85 per cent from the 2,414 shown by the census to be working in the state.

As the Cotton Textile Institute, Inc., points out:

If this rate of decrease was true of the whole industry, the number of employees under 16 at the time the Cotton Textile Code went into effect would be 1,600 or less than one-half of the per cent of the total employees in the cotton mills. We have no way of telling whether this was entirely true, but since South Carolina and North Carolina are the two largest cotton manufacturing states, the former's decrease in minors alone would materially affect the number of minors in the cotton mills of the United States.

It is probably unwise to accept this 1,600 figure but, at that, it is as easy to justify as other estimates of the minors which the code took out of textile mills. These estimates range from 5,000 to 20,000.

Estimates for other industries are equally confused. In mining, for example, the Census of 1930 showed 1,184 children under 16 employed. It does not say what they were doing, whether they were working above ground or below ground, or at what hours. A man close to the bituminous industry expressed some surprise that they were working at all. Although he would presume to speak only for his own industry, he pointed out that mining was hard work with little place for children.

"We do have some workers around

17 or 18," he said, "employed as trapper boys."

"Trapper boys" open and shut safety doors so that cars may pass through.

"The hard coal industry," he added, "used to use youngsters as breaker boys. They sorted coal as to sizes as it went past in a chute. That's mostly done by machinery now."

Asked if bituminous mining states enforced their child labor laws before the codes were adopted, he couldn't say.

"My attention was never called to them," he said, "because they didn't affect our situation one way or the other. We didn't hire any children."

Several other industries, including laundries and restaurant owners, make similar reports:

"We didn't hire any."

This suggests the logical conclusion that the number of children in industry was considerably smaller than most of us had been led to believe. From elsewhere come indications that the conditions under which these children work are not as hateful as we had pictured them. Canning offers an example.

Ugly stories are told of this industry—stories of children standing on wet, sloppy floors working at long tables—working day and night because the product is perishable.

Summer jobs as child labor

SUCH stories lose something in the telling when somebody takes the trouble to add that the employment chart of the canning industry looks like the track of a roller coaster. In the low months, the industry employs some 39,000 persons. That is usually in February. In the busy season, generally September, the number jumps to 228,000. It is at these times, for the most part, that children are employed, and the children are generally high school students seeking extra money. One middle western canner, for instance, points with some pride to a number of University of Minnesota students who earned college expense money working for him in the summer.

That is not the picture most of us have in mind when we talk about child labor.

We see hordes of gaunt little children dragging their unwilling bodies toward the mines that wait to drain their youth in back-breaking toil. In the background we see the employer, a gross man gloating over the dollars

this unholy traffic has poured into his hands.

We do not see high school boys earning college tuition money although that picture is as nearly accurate as the other.

This does not mean that child labor has become a beneficial thing. It means merely that it has become a less evil thing than it was when Dickens wrote his own experiences as a child worker into "Oliver Twist" and "David Copperfield."

Abuses still exist.

Children continue work

SOME of them can be regulated by law. Some cannot. The canners know of one that can't. In the Ozark Mountains canning is a family affair. When a contract to put up a certain size pack is received, wives, children, cousins and aunts are pressed into service. This has been the custom for years and well-intentioned people who have tried to change this way of life for one generally conceded to be better have been suggestively guided to the railway station. People who know the situation doubt if NRA can cure it.

What will cure it, they say, is a machine which will peel tomatoes. So far this problem has eluded science. In most other branches of canning technical improvement has been a strong ally for the foes of child labor. Peaches, pears, peas and beans are now handled by machines so cunning that there is little use for child labor even if employers preferred it.

And employers generally don't. No dissenting voice was raised, for instance, against inclusion of the child labor clause in the canning code. None was raised against this clause in most other codes. Reputable employers long ago recognized the evils of working small children beyond their strength. Many of them learned it through actual experience.

They boasted of that experience and the world applauded their boasting, because, paradoxically, although child labor is among our favorite hates, our favorite success story relates how the ten-year-old who sold papers to support his widowed mother grew up to become a powerful and upright citizen.

Strictly interpreted, the codes would prevent that sort of thing. When they do so, many people believe, they close a useful opportunity. Few people say that out loud because saying it brands them as friends of

the "interests" and advocates of child labor. As advocates of rape they would lose less social standing.

Former Senator James A. Reed, however, does not fear anathema. Speaking, not about the codes but about the proposed child labor amendment, he called it "a complete demonstration of the extent to which socialistic and communistic ideas have taken root in the United States."

The amendment, he said, "was brought forward under the pretense that it was for the protection of children of tender years. It, in fact, proposes to confer upon Congress the power to regulate and prohibit the labor of every human being under 18

years of age and gives Congress the power to impose heavy penalties.

"We have come to a strange pass when it is seriously proposed to take the control of children from their parents, to give Congress the authority to enact a law under which a farmer might be arrested and sent to prison for asking his 17-year-old boy to bring the cows up from the pasture."

Less vigorous opponents of child labor point out that many states where the codes prohibit child labor have no compulsory school laws. They wonder whether 16-year-olds aren't better off at work than standing on street corners pitching pennies

at cracks. Still others suggest that the general good might be advanced by letting strong but slow-witted youngsters go into useful trades where they would probably be happier than they would be doing home work on the dining room table.

We have no place in this debate and did not intend to mention it. But discussions of child labor lead into devious byways.

All we started out to say was that, conceding child labor should be abolished, that abolition should extend to the majority of the children at work. NRA, which eliminated child labor "like a flash," did not touch them.

Listening in as Business Speaks

(Continued from page 20)

laws. There will be agencies for investigation, for the adjustment of claims, for appeals from adjustments, for accounting, for auditing and for handling the endless detail of such a system. But this is not all. The bill as now drawn makes no provision for the continuance of private pension plans, many of which are more liberal than the federal plan. There is grave question whether this measure would not wreck most of these individual efforts with resulting hardship to millions of employees.

CHARLES DENBY, JR.
Stradley, Ronon, Stevens & Denby,
Attorneys, Philadelphia

A Line Must Be Drawn

I THINK that we have got to find a sensible line somewhere as to those things to which we are going to apply these rules and we have got to go to that line and play up to it, enabled, as we will be then, to play up to it by a real federal authority behind us. Then we have to stop at that line and leave the rest for the states and the communities to work out.

That sounds like a limitation upon the possibilities of NRA. If it is, I didn't put it there. The limitation has been there all the while; it is necessarily there in the very state of the situation in which we are working, in the very form of the government of this country. That limitation is upon what we can do.

The fact that there is a limitation doesn't mean at all that we can't accomplish a great deal this side of that limitation.

Just where that limitation lies is

the thing that I am interested in—where the line can be drawn—this application made up to it and nothing beyond it.

S. CLAY WILLIAMS
Former Chairman, NIRB

Foundations for Trade

THE trade agreements program, first promulgated and unanimously adopted by the 21 American nations at Montevideo and now actively being carried forward by this Government, is based upon the view that international trade among other things is a material factor in the full and stable business recovery of the individual nations; that unreasonable trade barriers can only be effectively reduced by a constructive program carried out over a period of years concurrently by the leading nations of the world; that such liberalized commercial policy will be a vital factor in the reduction of unemployment, the increase in domestic prices, and the improvement of business conditions throughout the world. What we propose in a fair and friendly way affords the best possible foundations on which to rebuild sound and worthwhile international relations. This program contemplates a simultaneous and continuous attack by all wide-awake nations upon the several well organized obstructions to the restoration of international trade and finance.

CORDELL HULL
Secretary of State

Some Economic Principles

ECONOMIC principles can still be discovered if we look for them. The

first and most outstanding principle is that you cannot cure depression before its time by a mere Act of Congress.

The second is that depression brings its own cure inevitably, regardless of the mistakes of governmental policy. . . .

Some minor principles also have been demonstrated.

One of these is that raising wages and shortening hours and limiting production and fixing prices in depression does not aid recovery but retards it.

It raises costs, increases government deficits, reduces production and decreases employment.

Another principle now demonstrated is that reducing agricultural production is not a recovery measure but a dole for farmers at the expense of all the rest of the population. Another principle is that there is no method by which a nation can squander its way out of depression, whether by public works, by extravagance in relief, or by reckless loans to private business.

Finally, there is the economic principle that debasing the currency is not permanently beneficial as a recovery measure. It merely gives a temporary and doubtful boost to exports, leaving domestic prices where they were.

DR. NEIL CAROTHERS
Professor of Economics and Director of College of Business Administration, Lehigh University

How Business Compares

AS TO American business, there it is. If it is vicious, it has required a century and a half to discover it. Its

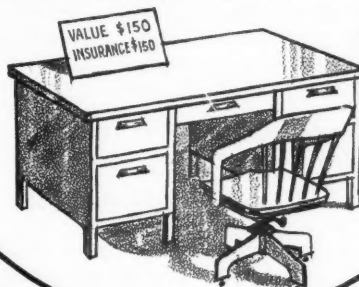
Strange Oversights OF MODERN BUSINESS



AN ABLE TREASURER, THIS MAN HAD 100% INSURANCE COVERAGE. YET HE COLLECTED ONLY 60% ON HIS LOSS. WHY?

SEE ANSWER NO. 1

THIS IS THE TREASURER'S DESK. HE HAD IT INSURED FOR \$150. YET IF IT HAD BEEN DESTROYED, HE WOULD HAVE LOST \$4000. WHY?



SEE ANSWER NO. 3

CAPABLE AND CAUTIOUS THIS TREASURER KEPT HIS RECORDS IN THE SAFE, YET HIS RECORD LOSS WAS 100%. WHY?

SEE ANSWER NO. 2

Why do 4 out of 10 businesses

find themselves unprotected against these hazards ?

Up to recently there has been no truly scientific way for the careful business or professional man to assure himself against the hazards pictured on this page. Record Assurance, a new service provided by Rem-

ington Rand, offers definite, complete protection. It is based upon an understanding of three facts: (1) Approximately 50% of the current assets of any business are record assets. (2) Such assets can be appraised and their real value accurately determined. (3) Record Assurance can be provided for these assets, giving definite assurance against loss or damage.

The strange oversights shown here are but few of the many which are uncovered by such scientific Record Assurance analysis. To illustrate, take outstanding accounts. When they are lost, statistics show that 43% of businesses are unable to resume. Take inventories. Statistics show that after loss, lack of proper Record Assurance often causes a 25% to 50% write-down in insurance settlements.

If you pay an income tax, if you have merchandise on hand or on consignment (if

you are a doctor or lawyer) modern Record Assurance, with scientific protection at point-of-use of Records, may well save you one thousand times its cost. And its cost, as a matter of fact, is lowered to meet lower risks. You will probably distribute it premium-like, over a ten-year period. Why not investigate fully? Write and ask us to submit a specimen policy enabling you to ascertain just how much Record Assurance could mean to your business. Or a Remington Rand man will gladly call with a simple ten-minute explanation.

ANSWERS TO STRANGE OVERSIGHTS

ANSWER 1. The treasurer had all the physical property of his business fully insured but approximately 50% of his business assets were in records which were not covered.

ANSWER 2. The National Association of Safe Manufacturers has declared all safes made prior to 1917 to be obsolete and of doubtful protective value. This treasurer did not know this and trusted his vital records to an unsafe safe.

ANSWER 3. The papers he kept in his desk (vital records, original documents of a pending lawsuit) were worth \$4,000.

WRITE FOR SPECIMEN POLICY

REMINGTON RAND, INC.
Dpt. 46, BUFFALO, N. Y.

Without obligation, please send me specimen Record Assurance policy and tell me how to appraise values of my own records.

Name _____
Firm _____
Street _____ City _____

Ok..it's from Remington Rand

AMERICA'S GREATEST *Industrialists* ARE GOING TO A SHOW!

● Since 1929 American machine tool builders have developed basic tools for industry that today are revolutionizing production.

The Machine Tool Show of 1935 will be an impressive mechanical parade, the most extensive and revealing industrial exposition ever held on the American continent. Here—at one time—five acres under one roof—in operation—will be presented the amazing advances in machine tools. The World's Greatest Machine Shop in action for You!

Men rostered among the industrially great are going to this Show... have hailed it as the nation's opportune review of primary productive strength... are instructing mechanical, financial and other departmental executives to study it from end to end.

They know that better products at lower prices for markets hungry to possess them can be profitably sold—when made with modern tools.

It is your duty and your opportunity to join the nation's Chiefs of Management at this great Show... and take your lieutenants with you!

Reduced railroad rates for those attending concurrent Machine Tool Congress. No advance in hotel rates.



**MACHINE
TOOL SHOW**
CLEVELAND — SEPT. 11-21

monument is the most efficient plant and the most competent personnel for the production of wealth in the civilized world today.

Man for man, and motive for motive, I should cast my vote for American business in a net value contest with Congress, the legislatures, the liberals, or the political hog callers that are now broadcasting to their followers to line up for their unearned share of the liquidation of American industry.

... The sooner our people understand that this continent was civilized by a self-reliant majority, that this Government was founded by a self-reliant majority, that the system of private ownership of property and private operation of business, free from competition by the national Government, is bedded in our lives and habits and is the only status contemplated by the Constitution, then the sooner can all citizens, including the unemployed, bend their energies toward a confident recovery. In so doing, they will progress more surely toward adequate and discriminating relief of dependent unemployed as a recognized by-product of social organization but not as the principal aim or function of government in any western civilization.

FORNEY JOHNSTON

*Cabaniss & Johnston, Attorneys,
Birmingham, Ala.*

Concerning Abuses

ANY public inquisitor, with a sense of news values can take your business and prejudice the public mind by the use of isolated examples of abuses and errors and declare that your dissolution will protect the public interest.

As the President, in speaking of his relief program the other night, so well said, concerning abuses which have appeared in the relief program and which he, with his wisdom and foresight, knows will reappear in this program:

when cases of this kind occur, there will be those, of course, who will try to tell you that the exceptional failure is characteristic of the entire endeavor. It should be remembered that in every big job there are some imperfections. There are chisellers in every walk of life, there are those in every industry who are guilty of unfair practices, every profession has its black sheep. . . .

When I heard and read that statement, I momentarily thought, but of course incorrectly, that my oft-repeated defense of the sound utility holding companies was being plagiarized.

WENDELL L. WILLKIE

President, the Commonwealth & Southern Corporation

Grape-Nuts Flakes



Placed on the market only four years ago, this product is today one of America's most popular breakfast cereals.

One of the products of

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For the man who cannot be in Washington, Nation's Business is an authoritative interpreter of what's going on in Government which will affect business!

Lines from an Editor's Notebook

More light—than shadow

TWO of the distinctions of Louisville, Ga., a town with 1,650 citizens, is the site of the state's first capitol building, built in 1795, and its recent designation as top community in the United States in *per capita* use of electricity. By report of the Georgia Power Company, in October, 1934, the average consumption in Louisville homes was 146.1 kilowatt hours, or 1,752 kilowatt hours a year, nearly twice as much electricity as the average for all homes served by that company in Georgia, and nearly three times the average for the country.

Electricity is a familiar servant in Louisville. In 1904 a municipal light plant was established. Then the town included less than 500 white folks. Things did not go smoothly. Interruptions of service were frequent, daytime shutdowns were usual, current was cut off at midnight, rates were high, and bonded indebtedness was a bogey to confound the city fathers with its insatiable appetite.

Time and change worked their way with the little town. The home-owned plant was taken over by an outside utility company, which in turn was absorbed by the Georgia Power Company. Rates have steadily decreased. Corporate management has provided an electric service of a dependability undreamed of under the old municipal system. And power bills now are no bigger than with 12-hour service back in 1904.

Louisville's adventure in light needs a postscript. Not far away is the scene of Erskine Caldwell's "Tobacco Road," and in the same state is Baxley, *locale* of Mrs. Caroline Miller's "Lamb in His Bosom." Both of these tales of the Georgia of yesterday and today have been widely accepted. They deal with hardship, poverty, squalor, degradation, primitive hazards. True to life, say reviewers. But the pattern of life is broader than its aspects of ugliness and benightedness, as Georgia's bright qualifications eloquently argue. The pity is that the civilizing and serviceable realities of "progress" are so much the rule that they are ignored by their beneficiaries for the more picturesque exceptions.

Fortunes in the commonplace

WHY inventions too far ahead of the industrial developments of their

times die a-borning is indicated by the experience of Samuel Calthorp of Roxbury, Mass. In 1865 he patented his idea for a streamlined train, forerunner of the sleek, swift units now in operation. The principle, says the Inventors Foundation, is the same as that which governs current streamline design, but the railroads were not ready for it, largely because neither the Diesel engine nor lightweight metals were then available.

The fact that it took 70 years for the idea to take hold and the inventor never profited from his patent is evidence, according to the Inventors Foundation of New York, that inventors with an eye to financial success will do well not to pioneer too far in advance of custom and usage.

Since the establishment of the United States Patent Office in 1790, the Foundation points out, the most profitable inventions have been for articles which meet a present need in a better way, and which the consumer must purchase over and over again; like safety razor blades or safety pins.

Belief that the most profitable inventions would be those which would most completely revise usage is a fallacy, the Foundation declares. In contrast to the great basic inventions such as the airplane, telephone and automobile, which have rarely brought great fortunes to their inventors, the Foundation emphasizes simple, everyday articles which have earned millions of dollars. The collar button with a turn-down clip has earned \$3,000,000; the peg golf tee, \$3,000,000; the metal cap for beverage bottles earns \$1,000,000 a year. By this judgment, that classic mouse trap had immediate need as well as superior quality to direct the path-beating footsteps of eager customers to its door.

The complex picture of textiles

THE Amoskeag Manufacturing Company of Manchester, N. H., is one of the great figures in the history of cotton textile manufacturing. On the day that Secretary Wallace, speaking at Bowdoin College, said that New England textile manufacturers were "whining," the company held its annual meeting.

In 1933 the company, which employs 12,000 workers, made \$30,000; in 1934 it lost a million. And this, said the treasurer in his annual re-

port, was in the face of an increase in gross sales of \$3,000,000 and a decrease in cost of materials. Any gains, however, were more than offset by increases of \$700,000 in processing taxes, \$1,600,000 in labor cost and \$100,000 in local taxes.

There's the reverse of the picture. If the AAA processing tax has helped the farmers and the NRA wage increase has helped the workers, what has helped the hundreds and thousands of small stockholders in Amoskeag?

And if Amoskeag puts up its prices that these stockholders may have a moderate return on their saved money, then the farmer and the worker will cry out to high heaven about the price of shirts.

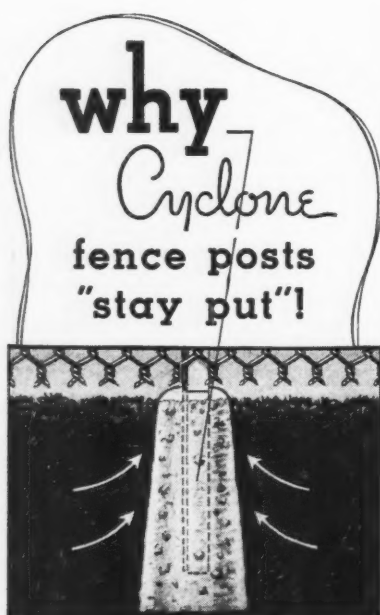
Markets from marriages

A REVEALING measure of the astringency of the depression is provided by the annual report of the American Radiator & Standard Sanitary Corporation. Addressing the stockholders, Clarence M. Woolley, chairman of the board, tells them that residential construction in 257 identical cities declined from 24,557 new home units built in 1933 to 20,846 built in 1934.

These figures compare with an average of approximately 398,500 individual houses constructed annually in the five years from 1925 through 1929 in these particular cities, showing an almost unbelievable drop of 95 per cent from the average for the earlier years. The market for the company's products represented by this, its largest field, was almost obliterated. The destruction of homes by fire is estimated at 30,000 a year; consequently new construction for the last two years was not enough to cover the fire loss alone.

New construction declined from 1,992,000 homes built in 257 cities in the years from 1925 through 1929, to 296,000 erected in the five years from 1930 through 1934. There were 5,000,000 marriages in the latter period. In the first five years a new house was built for every three marriages, but in the second period a new house has been built for approximately every 16 marriages.

The statistical item of death in these two periods does not materially affect the meaning of the marriage figures. While a marriage marks the inception of a family, the death of



THE CYCLONE WAY Deep post hole with wide base below frost line assures solid footing for post and fence. "Heaving" of ground from frost and thawing cannot lift post.

THE ORDINARY WAY Posts are jammed into rough holes dug in the ordinary way. Foundation is wider at top. Frost gets under shallow concrete footing, "heaving" posts upward.



● Cyclone-built fences don't lean after a frost! For Cyclone's erection crews are trained to build fence for *permanence*. The cone-like post holes, built to rigid specifications, have wide bases and small tops so that the heavy concrete "foot" won't work out. And because the posts are deeply anchored in cement well below the frost line, they *stay straight!*

This painstaking erection service is every Cyclone Fence owner's insurance against heavy repair bills. Before you buy fence, find out about quality of installation. It will save you money.

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one member does not necessarily mark the breaking up of that family. The fact that, during the depression, marriages have been proceeding at a rate of 900,000 to 1,000,000, or more, per year is of major significance.

If the average life of a building be 40 years, 511,000 home units, by Mr. Woolley's figures, have become obsolete in every year since 1930. His conclusion that total construction in the past five years has not met the need defined by marriage, fire, and obsolescence comprehends a situation at once disturbing in the deficiency disclosed and heartening in the opportunity for making it good. America, as well as nature, abhors a vacuum.

Age compounds its interest

ONE of the oldest traditions cherished by automobile men is that they are in a young industry. How well its timeless youth is served by the mellowness of age the Chevrolet Company has revealed in honoring 24 workers, whose ages average 71 years, with a trip to Baltimore for a pre-opening inspection of its new assembly plant.

Each man represents one of the company's manufacturing or assembly plants, and was chosen on the basis of the longest service. Some of the men began with Chevrolet when the company was in its infancy and low-priced transportation was still experimental. Others have been on their jobs since their home plants were opened. On the evidence of these vital statistics, three score and ten is just the age for opening a new set of books.

Lawgiving from the purse

CENTRALIZATION of government is brought to a more acute accent by the revelation that the PWA has drafted 500 legislative measures for state governors and their legislatures.

The PWA, Secretary Ickes disclosed, has written the 500 bills for 44 states to cover a wide variety of subjects "designed to gear legal machinery to the speed with which the Federal Government will prosecute the new work relief program." The bills, he said, were written at the request of state governors, and their passage was "entirely within the discretion of the states." However, the states were first asked if they wanted the PWA legal assistance.

The bills, according to Mr. Ickes, will "enable local communities better to secure the public works benefits under the new appropriation." No bills went to Kentucky, Louisiana, Mississippi or Virginia because they

did not request aid, or their legislatures were not in session. Sample pieces of the legislation written in Washington would allow cities to engage in new types of work projects or borrow more money. Other measures would create public power districts and establish rural electrification authorities.

Besides the 500 PWA bills for states, the FERA has written similar local measures, to establish rural rehabilitation corporations, for instance. The Witte security organization, related to the FERA, has also drafted old age and unemployment insurance bills for the states. In addition, the Federal Housing Administration has recommended laws to governors.

Possibly it can be argued that the agency which rules a public purse should dictate the letter of the spending. More realistic is the likelihood that the legislative bills will have a double meaning, will come home to roost on taxpayers' doorsteps "for services rendered."

Faith ahead of its times

AT MASSENA, N. Y., and Alcoa, Tenn., new mills of the Aluminum Company of America are turning out structural shapes and plates in sizes heretofore available only in steel. Years ago the company saw on the industrial horizon the beginnings of a market for high strength aluminum alloys which would serve economically in the construction and transportation industries in the form of larger structural shapes than had previously been produced—I-beams, channels, Z-bars, angles, plates and the like.

There were no orders on the books for structural shapes of such size. What the market lacked in reality the company made up in faith, and in 1928 backed its belief by breaking ground for the new mills. Production began in 1931. How well time has justified the venture is shown by the increasing acceptance of the products.

The list of uses is steadily growing, and the variety of application is suggested by aluminum trucks, buses, steam and electric railroad rolling stock, dragline excavators, large shovel buckets, aluminum structural members for bridges and building construction, and overhead traveling cranes.

Apart from the accent on the progressivism of management, its own glowing emphasis in a world suffering from a defeatist psychology, is the conspicuous example of a beneficent assurance that the progenitors of progress create their own circumstances—and their own markets.

The Troubled Path of 7 (a)

(Continued from page 32)

ber 18 that "the Board will not render enforceable decisions but will make recommendations to the parties"; his statement September 28 that "of course we regard our decisions as binding"; and finally, on October 31, "to make its policies effective the National Labor Board is backed by all the powers and penalties of the Recovery Act."

The Board's powers were not actively challenged for some weeks, however, and partly through its arbitrations and partly by reason of the pleas for industrial peace which accompanied its creation, the number of workers on strike tapered off to 56,164 as of October 1, to 38,062 as of November 1, and to 21,822 as of December 1.

Then, in the late fall, came the first noteworthy challenges. The challengers were the Weirton Steel Company and the Edward G. Budd Manufacturing Company, both cases following upon strikes for union recognition and involving questions as to who were the rightful representatives of the companies' employees and the Board's power to plan and supervise employee elections.

As Federal District Judge J. P. Nields pointed out in sustaining the Weirton challenge months later, "when the National Labor Board purported to assume jurisdiction over the strike at defendant's plants it had not been created by Act of Congress or even by formal executive order. . . . The Board had no authority to assume jurisdiction over disputes arising under that (the steel) code."

With these challenges confronting the Board, President Roosevelt on December 16 issued a formal executive order outlining the powers and functions of the Board. The Board, the order read, "shall continue to adjust all industrial disputes whether arising out of interpretation and operation of the President's Reemployment Agreement or any duly approved industrial code of fair competition."

The order approved all previous actions of the Board and gave it authority "to settle by mediation, conciliation, or arbitration all controversies between employers and employees which tend to impede the purposes of the National Industrial Recovery Act."

While this order extended jurisdiction of the Board to labor disputes arising under codes as well as under the Reemployment Agreement, it still left open the question as to

whether the Board could enforce its decisions.

Thus it was that in early January, 1934, the Board's authority was again challenged, this time by the H. C. Frick Coke Company, a United States Steel Company subsidiary and operator of captive coal mines. Points in controversy here were whether United Mine Workers' officials, chosen by Frick miners as their representatives, should function as individuals or in their union rôles, and the form in which that vital tenet of the United Mine Workers, the "check-off" agreement, should be written.

Strengthened enforcement

ONCE again a clearer definition of the Board's powers was attempted, this time through an executive order dated February 1. This provided for and directed "the enforcement of certain provisions of Section 7 (a)" by giving the Board express authority to conduct employee elections and to report to the Industrial Recovery Administrator cases of employers who refused to deal with chosen representatives or who otherwise violated the Section. This latter authorization was strengthened on February 23 by another executive order which authorized the Board to report its findings and recommendations concerning violations either to the Attorney General or the NRA Compliance Division.

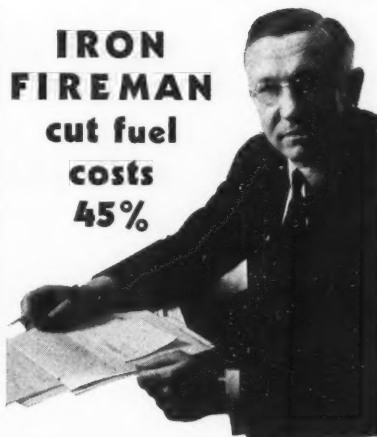
Meanwhile separate industrial relations boards were being set up in a number of codified industries for the settlement of disputes, a development which found expression in the automobile industry in the naming of the Automobile Labor Board in March, 1934.

But by this time the tide of strikes was rising again. Striking workers totalled 38,913 on January 1; 83,507 on February 1; 88,205 on March 1, and 133,640 on April 1.

The unionization campaign, for all its early success, was lagging and labor was becoming increasingly dissatisfied with the compromise settlements being effected by the national and regional boards, settlements which in many cases soothed matters for the time being but left major issues unsettled.

With the introduction in the Senate of the Wagner Labor Disputes bill on March 1, therefore, union labor and employers lined up as they had less than a year before when Section 7 (a) was pending—union labor for, employers against. This bill sought to make permanent the essential pro-

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FIREMAN
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45%**



"Hard to believe"

... says Oscar A. Rennebohm, Treas.,
National Assn. of Retail Druggists



After he studied Iron Fireman automatic coal heating and made comparisons, Oscar Rennebohm, prominent drug store proprietor of Madison, Wisconsin, saw that it could give him better heating for less money. But at the end of his first year when the figures came through showing that his fuel bill of \$1450.00 had been cut to \$787.50 and that he had saved \$662.50 he couldn't believe it.

"Why didn't you tell me about this before and insist that I listen?" says many a year-old customer to Iron Fireman representatives. Checking back over the past 10 years to learn how much Iron Fireman might have saved is an unhappy experience. But one should look forward to the savings which Iron Fireman can make during the next 10 years. Anyone interested is welcome to the free assistance of an experienced Iron Fireman dealer who will investigate, obtain the facts and figures, and present them in the form of a clear-cut report. New Iron Fireman burners include bin and bunker models as well as the standard hopper feed. Models for domestic heating plants and for commercial boilers up to 300 h.p. Iron Fireman Mfg. Co., Portland, Oregon; Cleveland; Toronto. Dealers everywhere.



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120 Years Old . . .

The Standard Material for



Above: Cast Iron Pipe laid in London between 1810 and 1812 and still in service.

Below: 105-year-old Cast Iron Pipe still giving good service in Philadelphia.

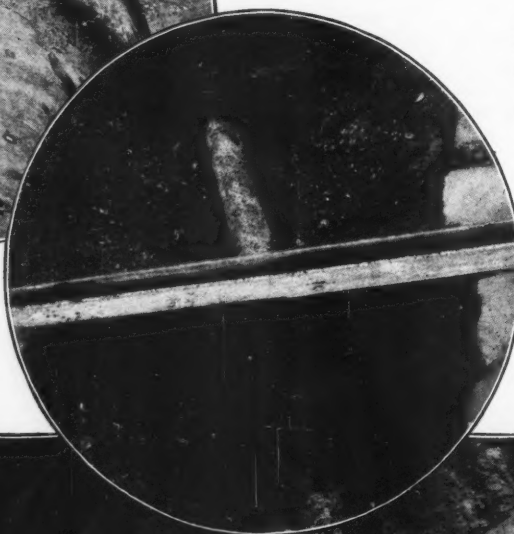


SHOWN at left is a 120-year-old cast iron water main recently uncovered for inspection in London, England, and found "as tight as new." An engineer, who was asked how much longer the pipe would serve, replied, "Ask me that another hundred years from now."

The Burgomeister of Ehrenbreitstein, Germany, wrote regarding a 209-year-old cast iron water main (shown in circle), "The enclosed photographs show the good condition of the pipe."

Cast iron water mains in Philadelphia and Richmond—both 105 years old—are shown below.

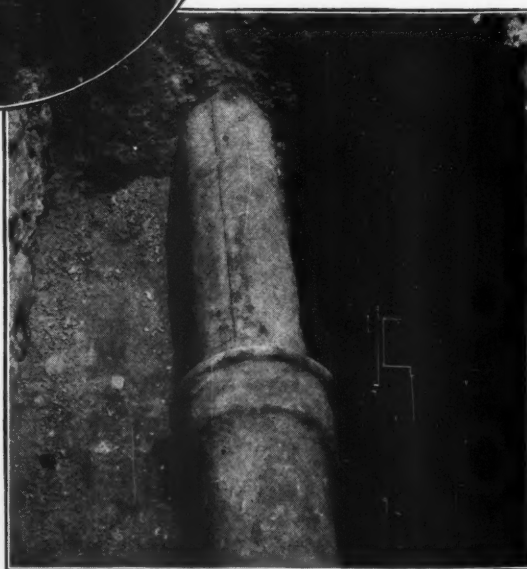
All these cast iron mains, like others in Europe and America from 100 to 270 years old, are still in service.



At left: Ehrenbreitstein's 209-year-old Cast Iron Pipe still faithfully serving.

(Photo by courtesy of Deutscher Gussrohr-Verband G. m. b. H. Cologne)

Below: Cast Iron Pipe in perfect condition after serving Richmond for 105 years.



Cast Iron of course

Mains That Bring You Water

ONE of the reasons why Government and city officials favor water works construction as a Recovery and Relief measure is that cast iron—the standard material for water works construction—lasts for *more than a century*.

Water works improvements constructed with cast iron pipe pay their way. Few, if any other, self-liquidating projects provide as much direct and indirect employment to skilled and unskilled workers.

The use of cast iron pipe for water mains makes the investment of public funds in sound projects such as water works improvements *doubly sound*. For cast iron pipe that is laid today will continue to serve the public for generation after generation—long after it shall have been paid for and forgotten. Recorded history of water mains in this country and abroad prove that the useful life of cast iron pipe is more than a century.

Cast Iron Pipe, correctly evaluated, *costs less per service year*, and its maintenance cost is a fraction of that of other materials.

The long life and low maintenance cost of cast iron pipe are due to its effective resistance to rust. Cast iron is the one ferrous metal for water and gas mains, and for sewer construction, that will not disintegrate from rust. For further information address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer, 1014 Peoples Gas Building, Chicago, Illinois.

Why Water Works Improvements Are Preferred P. W. A. Projects

1. Water supply improvements constructed with cast iron pipe are self-liquidating.
2. Approximately 75% of the cost of manufacturing, distributing and installing cast iron pipe, including raw materials, goes directly to workmen.
3. Manufacturing and installing one mile of 6-inch cast iron pipe gives approximately 1000 man days of employment.
4. For every 100 tons of cast iron pipe manufactured, the railroads handle approximately 1000 tons of raw materials.
5. The direct and indirect employment of this type of construction means a wide distribution of wages.

The 4 Economies of Cast Iron Pipe

1. Official records of cast iron pipe laid 100 to 200 years ago and still in service, prove that it costs *less per service year*.
2. Official reports on file in the office of a prominent technical publication, prove that cast iron pipe is *cheapest to maintain*.
3. Long-lived pipe obviously causes less street-opening for replacements and repairs. Therefore, cast iron pipe *saves money on street-openings*.
4. When replaced by larger pipe, or a main is abandoned or rerouted, cast iron pipe *pays a final dividend in salvage value*.

CAST IRON PIPE

METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS



What is \$100? To some, a week-end fishing trip. To others, two long years of scrimping and saving. For out of the meager average income of the wage earner today—there is little left for the bank—and the rainy day.

They Perform Miracles

With what they have—these thrifty millions, who still have employment, perform miracles. Their children are educated—fed—clothed. Their homes are neat—livable.

When rainy days come—and they are bound to come—there is no reserve. Debt is the only alternative. What then? Can this human dilemma be laid at the door of industry, when industry is trying to keep the worker in a state of solvency? Many factories today run without profit to keep men working at all.

A Workable Solution

Household has found one workable, practical solution. Not just to loan them money, though often a small loan is vital and necessary and can straighten them out. But the need is deeper than that. We provide them with proved plans for home money management—give them constructive help in the job of buying home necessities to stretch dollars as much as 20%.

May we send you free copies of our money management plan—and a sample pamphlet from our "Better Buy-manship" library? As an employer of men, you will be interested in what Household does to help families in financial distress.

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visions of Section 7 (a) and elaborated upon them by designating as unfair labor practices any action by employers to influence or impair employee organization.

Simultaneously, union labor was driving for unionization of the automobile industry and strikes and threats of strikes were occurring. These last were terminated in their major aspects and a measure of peace brought about that endured for some 13 months by the President's Automobile Settlement and the naming of the Automobile Labor Board.

The President himself essayed an interpretation of troublesome Section 7 (a) in this settlement. "Reduced to plain language," he said, "Section 7 (a) of NIRA means:

Employees have the right to organize into a group or groups.

When such group or groups are organized they can choose representatives by free choice and such representatives must be received collectively and thereby seek to straighten out disputes and improve conditions of employment.

Discrimination against employees because of their labor affiliations, or for any other unfair or unjust reason is barred.

Included in the principles of settlement was the further statement that "if there be more than one group, each bargaining committee shall have a total membership *pro rata* to the number of men each member represents."

Thus executive blessing was given to the principle of proportional representation and, with its other provisions, the settlement was commended by the President as a model for other employers and employees to follow.

"It is my hope that this system may develop into a kind of works council in industry," the President added, "in which all groups of employees, whatever may be their choice of organization or form of representation, may participate in joint conference with their employers."

The presidential endorsement of proportional representation upset the principle of majority rule which the National Labor Board had enunciated only a week or two before in the Denver Tramway Corporation case. Nevertheless, the Board reaffirmed the principle in the Realsilk Hosiery Case on April 27 and, on April 30, again asserted it in a statement of Labor Board principles.

"The representatives selected by the majority of employees within a given plant or department," it phrased this last, "are the sole collective bargaining agency for the plant or department."

Organized labor's satisfaction with the President's Automobile Settlement was shortlived and by May it

was displaying active disappointment in it.

By the first of that month, the number of men on strike had mounted to 152,211. With the National Labor Board also losing caste with labor, and with labor and employers violently at odds over the Wagner Labor Disputes Bill, another compromise was effected through adoption by Congress on June 16 of the Labor Disputes Resolution.

This authorized appointment of a board or boards "to investigate issues, facts, practices or activities of employers or employees in any controversies arising under Section 7 (a)," empowered boards so named to conduct elections, provide penalties for violations of its regulations, and set its own automatic expiration for June 16, 1935, when the Recovery Act itself was to expire.

Under this resolution, the President, in an executive order dated June 29, set up the National Labor Relations Board and ordained the end of the National Labor Board and certain of the Regional Boards. Under the same resolution, he had a few days previously set up the National Longshoremen's Board and the National Steel Labor Relations Board to meet threats of strife in those particular industries.

The National Labor Board sang its swan song on July 9. Although it was still less than a year old, its final report showed 276 cases had come before it and 4,001 before the 19 regional boards. Of the 4,277 total, 2,741 involved as a primary cause of complaint alleged violation of Section 7 (a).

The Houde case

THE National Labor Relations Board now began charting the course, and almost immediately it, too, affirmed the principle of majority rule, this in the Houde Engineering Corporation case, and carried its interpretations of Section 7 (a) considerably beyond the "plain meanings" variously and earlier set forth.

The Houde Company was ordered to recognize the United Automobile Workers Federal Union—that union having garnered more votes in an employee election than the Houde Welfare and Athletic Association—as the employees' exclusive agency for collective bargaining. The company was further ordered to seek in good faith to arrive at an agreement with the union which would cover all employees.

The company refused to abide by the decision and, after much skirmishing, the Board referred the case to the Attorney General for prosecution. In November headlines reported

that the Attorney General would push suit against the company, in December injunction proceedings were begun and, at this writing, the case still languishes in the courts.

Meanwhile the repercussions to the Board's decision in the case had been immediate.

The National Association of Manufacturers recommended that employers "continue to abide by the long-standing and authoritative interpretations upholding the right of minority groups . . . previously made by the President, Administrator Johnson and General Counsel Richberg until competent judicial authority has declared otherwise."

General Counsel Richberg "interpreted" the decision as giving minorities the right of collective bargaining, an interpretation which was promptly rejected by organized labor.

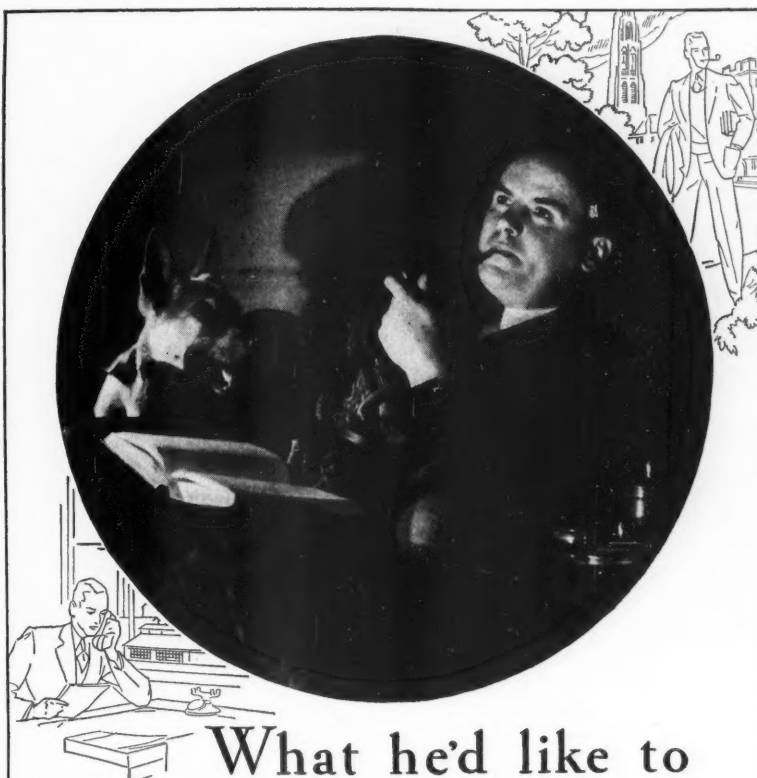
Efforts of the labor boards to obtain elections so that they might certify the representatives of the majority were met in an increasing number of cases by employers' petitions to the courts to review the election orders.

Disputes kept within industry

ANOTHER complication soon confronted the National Labor Relations Board in the San Francisco *Call-Bulletin* case. The Board's assumption of jurisdiction in this case, involving the separation of an editorial department employee from the newspaper's pay roll as a result, allegedly, of his union activity, was nullified by NRA Administrator Richberg. His action was promptly upheld by the President's ruling that, where a labor relations board had been set up within a codified industry, as was the case in the newspaper publishing field, it should have jurisdiction over all labor disputes within that industry. Such boards exist in the bituminous coal, electrotyping, petroleum and photo-engraving industries, and as already mentioned labor boards have been named by the President himself in the automobile, steel and longshoremen's industries.

This ruling, the legal attacks and other obstacles so stymied the National Industrial Relations Board that by March 14 its chairman, Francis Biddle, was reporting to a Senate investigating committee that there had been a "virtual suspension of enforcement" of Section 7 (a).

As this is written, attention centers on the famous Section's successor, if any. The Wagner Labor Relations Bill is again before Congress in somewhat revised form. It is designed, briefly, to outlaw company unions, give the Labor Board authority to enforce its decisions, and set



What he'd like to TELL HIS DAD now

● This is the true story of a young man, just commencing his business career. Unable to express his appreciation to his father, he turns to us. Acknowledging receipt of one of our regular checks, he writes:

"This life insurance policy was purchased by my father to guarantee my education and to give me capital at a time in life when I could best use it to further my business interests."

"His death in my 17th year made this contract providential. It enabled me to attend college without the imposition of any burden upon my mother and although my gradu-

ation came at a most difficult time (1930), it enabled me to carry on successfully until I was able to secure steady employment."

Would your own boy or girl be sure of having as fair a chance in life—if you should die before they become self-supporting? If not, you can do them an almost priceless service by investigating a plan of Northwestern Mutual Life insurance, by which you can guarantee them an education.

Mail us the coupon below for the booklet—"A BETTER CHANCE TO ACHIEVE." Be sure that your youngsters will start their adult life properly equipped.



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Address _____
City _____ Age _____



NB 6-35

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THIRTEEN days to Rio is fast time—the fastest by sea. Yet it's a long time to be aboard a ship—long enough for you to know the ship, know the personnel, know the service, and above all the food.

That's why you'll be glad you're aboard a "Prince," traveling Furness. You'll be particularly glad to go down to meals, for each is so varied, fresh and appetizing. You'll be glad of the British atmosphere, from stem to taffrail. You'll be glad your cabin steward has had long English training.

The four "Princes," brilliant motorships built recently, offer the speediest schedule to the modern world of the East Coast with its rich capitals—Rio de Janeiro, Santos, Montevideo and Buenos Aires. They provide nothing but First Class accommodations, with Furness traditions of service and seamanship.

FURNESS Prince LINE
to
SOUTH AMERICA

Sailings every fortnight from New York, with call at Trinidad on return voyage. Reservations and literature at authorized tourist agents or FURNESS PRINCE LINE, 31 Whitehall Street (where Broadway begins), or International Bldg., 634 Fifth Ave., New York City.

up majority rule for collective bargaining.

The bill is strongly supported by the American Federation of Labor and as strongly opposed by employers. The former argues that the measure would make good the promise of collective bargaining contained in Section 7 (a) both by giving the Labor Board powers of compulsion and by upsetting company unions, which, in the Federation view, have enabled employers to circumvent true bargaining.

Employers, on the other hand, declare the bill would, among other things, practically guarantee the closed shop throughout industry, prevent bargaining between employers and minority groups of employees, and confer upon the Labor Board arbitrary and unconstitutional powers.

They declare that the bill is based on a fundamentally false concept in that it presupposes—and if passed would foster—antagonism and conflict of interest as between employer and employee. Such a relationship does not now and should not rule in American business, they say. As Judge Nields put it in ruling against the Government in the Weirton case:

It is said this relation (between employees and management) involves the problem of the economic balance of the power of Labor against the power of Capital. The theory of a balance of power or of balancing opposing powers is based upon the assumption of an inevitable and necessary diversity of interest. This is the traditional Old World theory. It is not the Twentieth Century American theory of that relation as dependent upon mutual interest, understanding and good will.

The business view of the bill is

summed up as follows in the labor relations resolution adopted at the recent annual meeting of the Chamber of Commerce of the United States:

Proposals such as those embodied in the labor relations bill would operate to disrupt rather than to promote proper relations between employer and employee and likewise retard the normal processes toward recovery. Any attempt to bar any form of honestly organized labor group from the provisions of collective bargaining, or to bar minorities from the privilege of conferring with their employers upon terms of work, is un-American, indefensible, and unsupported by any considerations of the public interest. Employees, untrammelled or uncoerced by any person, should have the right to organize in such way as they desire for the purposes of collective bargaining, or, if they so prefer, they should have preserved to them the right to bargain individually.

Whatever form of legislation succeeds to the field occupied by Section 7 (a), a point made by a speaker at the Chamber meeting's round table conference on labor relations seems pertinent.

"There have been so many interpretations of what seemed to be comparatively simple terms that I, as one employer, find myself constantly confused," W. Gibson Carey, Jr., Yale & Towne Manufacturing Company president, said. He went on:

We have a history under 7 (a) of just that sort, where various executives of the Federal Government have made various interpretations. I make the point, therefore, that before this or any other law is passed, it must be so carefully worded and so carefully explained that there is no chance for misinterpretation by employers, employees or by members of the Government. That seems to me of tremendous importance, because a great deal of our difficulty under 7 (a) has come from that very source.

Business Opinions

WHAT does business think of recovery efforts?

NATION'S BUSINESS, through its field workers and large correspondence, is in constant touch with the heart of business.

Probably half of the business men we meet think recovery may best be obtained by permanent government economy and reduction of business taxes.

For second place in importance, government competition with business vies with the subject of small business and the NRA.

A tabulation by our field department of the items business men consider most important for recovery shows: 27 per cent of business men give first place to reduction of business taxes; 24 choose permanent gov-

ernment economy; 22, government competition with business; 20, small business and NRA; 14, labor-employer relations; 14, increased farm purchasing power; 11, stronger budget system; and six per cent choose veterans' legislation. The percentages total more than 100 because some interviewees gave equal preference to two subjects.

A recent check of letters received in this office showed business men are also much interested in elimination of socialistic plans; decrease of government in business; enforcement of antitrust laws; stabilization of the dollar permanently in terms of gold; decrease in tariffs; payment of soldiers' bonus; stimulation of foreign trade; and returning to fundamental economic laws.

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If your product isn't moving over the counter as swiftly as it should—what's wrong?

Is it the product itself? Probably not. Our experience has been that when sales are slow the trouble is usually at the point of sale. The product isn't getting seen . . . it isn't getting the right display . . . its package isn't creating the urge to buy . . . the dealer isn't getting the proper help.

If you think your problem may be in the retail store, has it occurred to you that the American Can Company might be of help? Has it occurred to you that a company specializing in two basic merchandising weapons

—packages and point-of-sale displays—must have quite a merchandising background? To create packages that sell—to design and build merchandising pieces that get goods seen, examined, bought—we have had to know what goes on in retail stores from both sides of the counter.

Possibly in this broad experience, with thousands of products in almost every field, there may be something of value to you. If you have a retail problem, we should be glad to work with you and contribute what we can. Drop a line to the Sales Promotion Department of the American Can Company, 230 Park Avenue, New York City.

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NEW YORK

Why does American Can Company concern itself with problems of retail merchandising?

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Beware of Price Statistics

By JOHN H. VAN DEVENTER

Editor, "The Iron Age"

A WARNING, not only to those who take their figures at face value but also to those who would attempt to fix parity of prices by administrative manipulation

YOUTHFUL Americans are taught to respect arithmetic. Two and two always make four according to the copybooks. Perhaps it is the implicit acceptance of the infallibility of numbers gained during school days that has led to the American business man's respect for statistics.

Be that as it may, there is no doubt that we men of business have an insatiable appetite for factual data. Sometimes this appetite is stronger than our digestive powers. Statistics, such as Uncle Sam serves up to us through the various government bureaus, are not labeled for the protection of the consumer with directions as to use. Yet business can get a bigger and better bellyache by consuming improperly mixed statistics than the business man obtains by mixing acids, starches and proteins in his bill-of-fare.

One of the most popular and most indigestible of the statistical dishes on today's business menu is the commodity price index, compiled weekly by the Bureau of Labor Statistics. The New Deal has brought this into particular prominence because of the Administration's emphasis on "price parity" and its early choice of the 1926 price level as the target to be shot at.

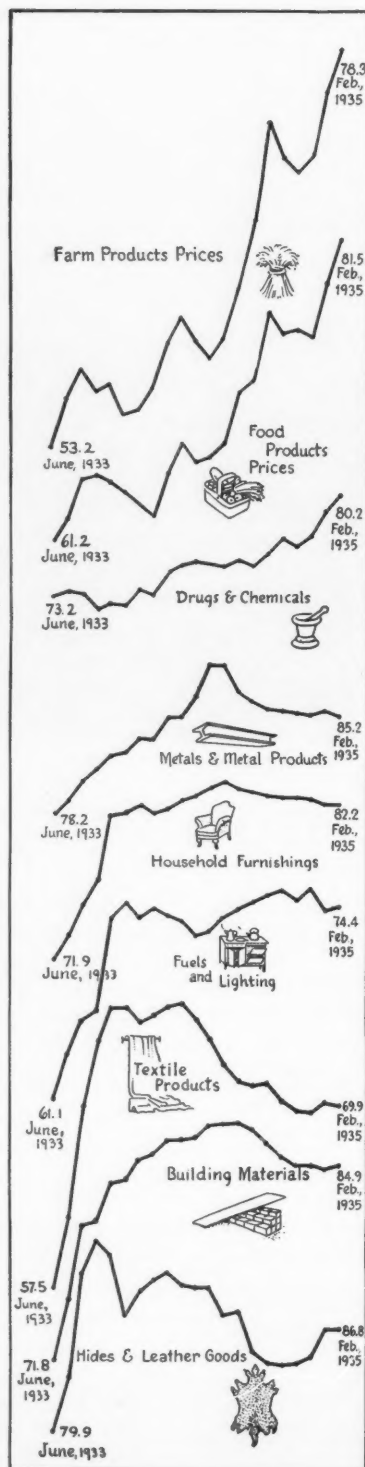
To the trained statistician who can take his index numbers or leave them alone, the commodity indices serve a useful purpose in measuring changing price relations. To the price layman, and this category includes New Deal experts, congressmen and most

of the rest of us, the use of price indices, especially for economic planning is fraught with danger.

The chief trouble with index numbers of most kinds is that they show us results without revealing the causes. Price indices, for example, give a broad and fairly accurate picture of price movements over a period of time and as between various groups of commodities. But it is one thing to recognize a movement and another thing to be able to tell what caused it. It is not always easy to distinguish between a shimmy and a case of St. Vitus dance.

It must not be thought that this article is to be an indictment of commodity indices, *per se*. I do not agree with the opinion of Bassett Jones that you cannot average horses and apples. Statisticians are able to average stranger bedfellows than horses and apples and yet arrive at useful conclusions. The Federal Reserve Board's index of general manufacturing production, for example, is a conglomerate of activities embracing 49 industries. The "Barometer of Business Activity," which appears in NATION'S BUSINESS averages bank clearings, car loadings, steel production and other factors as well. Yet the average makes sense and is helpful. Commodity price indices are just as helpful, but the trouble is that, in the current urge for planned economy which involves price planning, the commodity index is being used without due knowledge of its limitations and to set up price relations that are not based upon common sense.

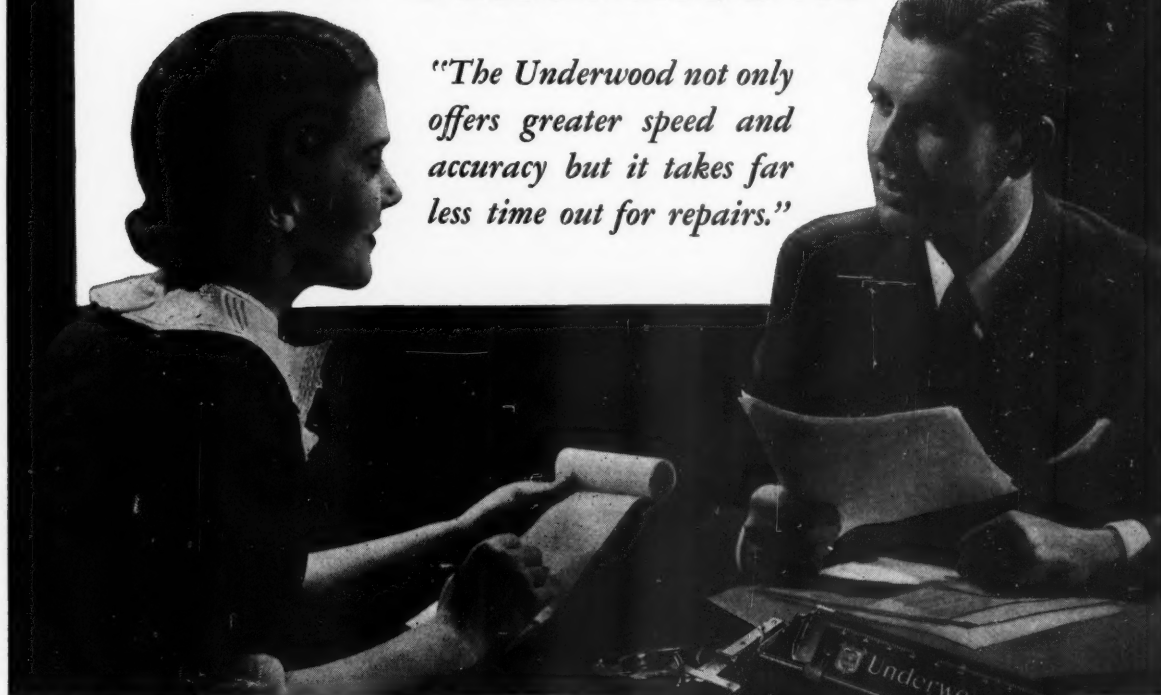
Before handing out some red danger flags with respect to the use of price indices, it may be well to explain just what they are. The general commodity index, compiled by the Bureau of Labor Statistics for any



Price history since the Recovery Act. Note the skyrocket effect in first four months, also the later weakening of certain groups, which indicates that supply and demand still has a hand in price fixing

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given week, month or year, is the composite of some 784 individual common commodities, weighted according to their importance and expressed by a figure representing the arithmetical relation of their average weighted price to the average price of them in some year chosen to represent 100. At present, 1926 is chosen as the year of 100, or par.

Going a step further, we find that the general commodity price index for any given year is broken down into a number of component groups, each of which also has its index. The principal groups are: Farm prices, food products, hides and leathers, textiles, fuels and lighting, building materials, drugs and chemicals, house furnishings and metal products.

For the base year chosen the index of each of these groups is 100. And the general commodity index for that year is 100. This does not mean that a pound of steel, a pound of cotton or a pound of leather could be obtained in that year for the same price. It simply means that the average prices that prevailed for steel, leather or cotton in that year would be considered as 100, so that past or future variations of each group could be measured with respect to itself and also to other groups. Two years later the index for steel may be 110, let us say, and for leather 120 and for textiles 130. All of which gives changing price relations between different groups of industries and between different periods of time.

The base isn't normal

THE first red flag of caution that I will spread to the breeze in connection with commodity price indices has to do with the choice of 1926 or any other single year as a base. Statistically, it does not make a particle of difference what year is chosen as the base year. From the standpoint of economic planning, however, the choice of any year or of any group of years to represent an ideal in price relationships is unsound.

Industries, like people, go through the various successive phases of infancy, maturity and old age. First, like infants, they creep during the years of development. Reaching maturity, they run with swift and increasing speed during the period of expansion. Old age and the point of saturation bring a slower pace.

It is as foolish to attempt to define a state of price parity by choosing any particular year or group of years as a base as it would be to characterize the careers of notables by choosing what was accomplished in a single year of the life of each one. Under such a system, Shakespeare might be labeled a poacher and Lincoln a rail

splitter. The stock brokers' business is generally best when the pawn brokers' is worst.

In view of these obvious truths just why some of our economists selected 1926 as the base for price relationships at the start of the recovery campaign is hard to say. Perhaps it was because the statisticians had given all commodity groups the base number of 100 for that year and 100 looks like a perfect mark to a college professor. We must admit, however, that there is not so much emphasis being placed today by our Government upon the attainment of the 1926 level. The reason for this will become evident later.

Another flag of caution must be displayed with regard to attempting to draw conclusions as to the causes of price movements of various commodity groups. It just can't be done, as statisticians know, except with respect to broad synchronous movements. When you try to explain why one group has gone down while another one may have gone up, or why one goes up faster and farther than another, your troubles begin. In connection with one group, for example, a declining price trend may be due to diminishing consumer demand based upon either style or technical obsolescence. Or it may be due to inferior sales promotion or to the over-expansion of producing capacity. In another case, a falling price trend may be caused by outstanding technological advances combined with an intelligent and farsighted consumer price policy. Thus we may have two different groups in which price trends are down; in the one case leading to losses and liquidation, but in the other to increased profits and expanded markets. Every little price movement may have a meaning of its own, but to find that meaning and properly label it is the problem.

As an instance to illustrate the plentiful room for argument in connection with price indices, consider this:

Suppose that you want to show that in January, 1934, the price level for the metal and metal-product group was too low compared with the price level at that time of the farm product group. Just choose 1900 as your base year equalling 100 and, presto, you have made your case perfectly airtight. But suppose you want to show that farm prices were, in January, 1934, too low as compared with metal products at that time. Simply choose 1926 as your base year equalling 100 and you will conclusively prove your argument. If, however, you happen to be a neutral party, you may choose the 16-year average of from 1900 to 1915 as your base, in which case you can prove that in January, 1934, there was al-

most exact parity between the price levels of the two groups.

There never has been a condition of "parity" between the price levels of various groups, never will be and never should be. Also, there is no such thing as a price level. For, by their nature, prices are mercurial and respond sensitively to thousands of various influences.

Movement is an indisputable evidence of life; lack of it is a characteristic of death. Obtainment of price group parities by administrative manipulation means the artificial freezing of price relationships. Frozen prices would mark the exit, from business and industry, of initiative, invention and progress. Governments cannot control effects without setting up control of causes.

Complications in price

THE causes of price fluctuations between commodity groups are so complex as to embrace the gamut of human activities. They start with the will and the skill of the worker, run through the ramified phases of managerial efficiency and embrace all of the aspects of mechanization as well as the intangibles of invention. But this is only the beginning. These price movement causes spread to the consumer and are influenced by his desire and his capacity to buy; they spread to the banker and involve his willingness and capacity to lend; they spread to the investor and reflect his confidence or timidity. They even extend to taxation, because prices paid by consumers, although few of them realize it, include a large part of the 30 cents on the dollar that the high cost of living owes to the high cost of government.

We can secure the appearance of broad price movements by operating the gold content seesaw, but ambitious attempts to control group price relations, if successful, would imply the end of the price system and its replacement by thoroughly regimented state capitalism, which is simply another name for socialism.

If one has to be so careful in the use of commodity price indices and can be so easily misled by them, what good are they to the layman, in other words, to the average business man who is not a trained statistician? Well, for one thing, they are the only indicators that we have of price trends or movements, and we all want to know what is happening to prices.

So if you will examine the price chart which accompanies this article, you may find out. And you may conclude, as some others have, that artificial price manipulation can only go so far until supply and demand or an unexpected drought takes a hand.

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By JOHN W. O'LEARY

President, Machinery & Allied Products Institute

IT is nonsense to say that America is overbuilt or oversupplied. Families throughout the country, during the five years of economic depression, have foregone many and varied requirements and comforts which have become an inseparable part of our American standard of living. They need and want goods but manufacturers cannot supply these goods cheaply or in the quantity needed because, under the lash of competition and the restriction of production brought about by economic factors or code provisions, they have deferred the purchase of capital goods.

Today American business needs more than \$18,000,000,000 worth of new machinery.

This is the carefully worked out estimate by the Machinery and Allied Products Institute, after a survey made through the members of the 58 trade associations which form the Institute.

This figure takes no account of the dammed up flood of equipment business existing in industries apart from the machinery industries. It does not include, for example, the equipment needs in other durable goods industries such as housing for 1,000,000 families; necessary rehabilitation of 16,000,000 homes; requirements for industrial housing estimated at \$1,000,000,000 and other construction needs, all of which are variously estimated at \$11,000,000,000 or more.

It covers only the market for machinery and allied products and shows the following specific needs:

Potential Machinery Requirements All Industry		
Item	Requirements	Per cent of Total
Agricultural Implementments	\$ 731,840,500	3.94
Electrical Machinery, Apparatus, etc.	6,060,902,423	32.63
Engines, Turbines, Tractors and Water-Wheels	1,203,636,153	6.48
Foundry and Machine Shop Products	7,299,830,376	39.30
Machine Tools	724,410,648	3.90
All other machinery	2,554,011,900	13.75
Total	\$18,574,632,000	100

As long as this condition exists, efforts to hasten recovery are not



going to get very far. America's continued march toward higher standards of living was made possible by ability to produce. That ability is sadly lacking today, and, instead of attempting to regain it, we are actually taking many steps which prevent this necessary end.

Through the five years of depression, attempts for bringing recovery have emphasized the need for increasing consumption, upon spreading work to reduce unemployment, upon restricting competition through regulation of industry. Of the business reforms initiated, many have had an important negative bearing upon capital investment, intermediate credit and security markets.

As a result of this program, unemployment remains high and relief rolls are still growing.

This proves what the Institute has long preached:

"The controlling source of unemployment lies in the field of capital goods production and stimulation of the capital goods industries is essential to recovery."

History shows that each major economic collapse in this country has been followed by marked let-down in demand for capital goods and that recovery and recreation of the capital goods market have gone hand in hand.

The decline in the purchase of capital goods is attributable in part to decline in the production of consumer goods. Just as a man whose family needs food will forego repairs to his automobile, so an industry which finds its pay roll a continuing problem isn't likely to spend money for new machinery. But, while production of consumers' goods declined only 20 per cent (to 80 per cent of the previous normal) capital goods production in many industries declined 80 per cent from the previous normal.

Confidence is needed

THE difference in these figures is easily accounted for:

Purchase of consumer goods depends upon need. Purchase of capital goods depends always upon confidence and is invariably a demonstration of confidence.

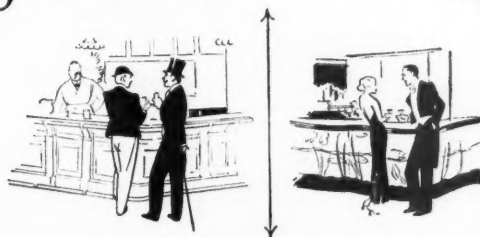
Today confidence lags. Investment requires expenditure of cash or use of credit and must be based upon a belief in a sound governmental policy, in the opportunity for a reasonable profit. It requires encouragement of intermediate credit facilities and abandonment of uneconomic experimentation.

Without such a policy, the market for capital goods will remain closed. Assured of such a policy, investors in American industry will be ready to invest \$18,000,000,000 in new and needed equipment.

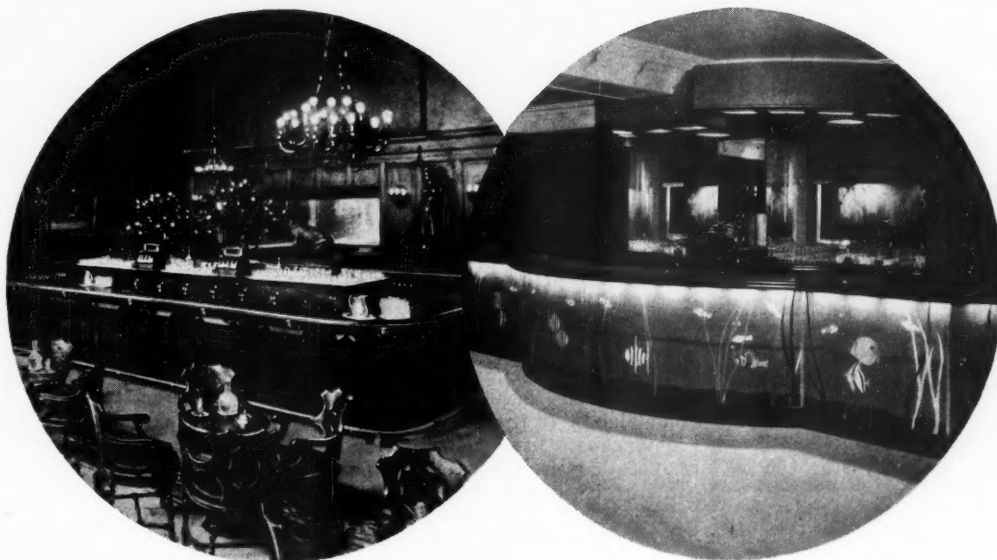
To understand what this investment would mean, it is necessary to attempt to visualize the figure. How much money is \$18,000,000,000?

It is approximately three-fourths of the official valuation of all the Class I railroads in the United States. It equals, in round figures, nearly the full amount collected in taxes—federal, state, county, city, town, village and district—for two years. It is half as much again, in round figures, as the accumulated deficits in the national treasury since the depression

1900-Sombre Carved Wood



1935-RADIANT BAKELITE LAMINATED



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began. It is nearly four times as much as the tremendous total granted to the President for work and other relief for the coming fiscal year.

Of this great amount 65 cents out of every dollar would go to labor in the form of wages. Sixty-five per cent of \$18,574,000,000 is \$12,073,000,000. What would such a pay roll increase mean?

Actual wage rates paid in machinery manufacture vary widely, since employees range from unskilled workmen to highly paid experts. The average hourly rate may be estimated conservatively at 60 cents and a calculation on that basis reveals that the \$12,073,000,000 pay roll would purchase about 20,123,000,000 hours of labor.

Another calculation shows that 20,123,000,000 hours represents the work of one man, eight hours a day and six days a week, for about 8,000,000 years—or employment of 8,000,000 for one year, or of 4,000,000 men for two years. Somewhat more than 4,000,000 persons are now unemployed in the capital goods industries. These would go back to work if the potential machinery requirements were to be met.

Machinery has a limited life

THE survey which brought out these figures also developed significant side lights. It tended to verify for instance the frequently expressed belief that machinery has a useful life of between ten and 20 years. Within those average limits, machinery becomes obsolete for one or more causes. Invention junks a considerable part, rendering the old inefficient in practice or production. Depreciation through continuing use also renders machinery uneconomical. Lack of use is an even greater contributing factor; idle machinery rusts and becomes unserviceable more rapidly than machinery in use wears out.

Thus it becomes apparent that a considerable part of the 1929 industrial plant has become obsolete merely because of the passing of the five depression years. Even in 1929 all of the plant was not operating at full efficiency—it is estimated that at that time about one-fourth might have been replaced to advantage.

The survey figures afford interesting opportunity for study of the sources of machinery replacement.

Fundamentally, machinery is purchased to maintain or increase production, but the survey brought out detailed reasons for this type of investment. Some of them are:

1. Obsolescence. The machine is not worn out, but invention has created a more efficient machine that does the work better.

2. Machinery is worn out or broken and is beyond economic rehabilitation.

3. The machinery is still serviceable but requires uneconomical maintenance expense, resulting, too, in delays due to break-downs and adjustments.

4. A desire to reduce the cost of production to create a wider market through a lower selling price for the product.

5. A desire to reduce the necessity, and cost, of unwarranted supervision.

6. The necessity for increasing the volume of production to meet demand.

7. The desirability of reducing the floor space occupied by the machine, or to accomplish different processing or method of manufacture within limited plant area.

8. A need to create greater precision in or quality of product.

9. A desire to lessen frequency of handling the product, thereby reducing cost.

10. For experiments and testing.

11. Installing a new machine to replace several different types of old machines required to do the same work.

12. Savings to be realized from changing from a cumbersome catch-all machine to one highly specialized for quantity production.

13. To replace machinery too light for the heavy duty required of it.

14. To replace machinery too heavy and costly to operate when an efficient smaller machine would do the work better.

15. To meet changes in the design or processing of the product.

16. Elimination of fire hazard.

17. Economy of fuel, power savings, and power transmission.

18. To change type of power transmission from shaft to direct motor drive or direct operation.

19. A change from manual to machine operation.

20. To create greater efficiency in lubrication.

21. To decrease noise of operation.

22. To create greater safety against accidents to operator, especially careless operators.

23. To enhance cleanliness and order.

24. To eliminate the "slow horse in the team" and develop a pace of production commensurate with other operations.

25. To maintain loyalty and conscientious attitude of workers, since poor equipment is an incentive to careless conduct and inefficiency, regardless of how competent the human material constituting the plant may be.

Publisher's Statement of Circulation

This is to certify that the circulation of Nation's Business for the six months ended December, 1934, is:

	1934	252,053	Publisher's Report
July	"	253,234	"
August	"	256,355	"
September	"	258,128	"
October	"	259,897	"
November	"	263,310	"
December	"		"

Signed J. B. WYCKOFF
Business Manager
Nation's Business

Subscribed to and sworn before me on this 16th day of April, 1935

(Seal) WALTER HARTLEY
Notary Public, District of Columbia
(My commission expires Sept. 15, 1937.)

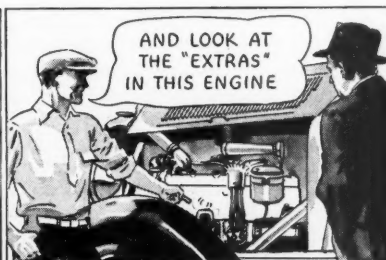


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ROLLER-BEARING UNIVERSALS—Another feature of quality truck building—dirt proof, prevent backlash, save upkeep expense.



VALVE SEAT INSERTS—Another money-saving feature pioneered by Dodge in low-priced trucks. Save gas... cut valve grinding bills.



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TRUCK drivers know what they're talking about when they say, "Dodge is the best-built truck in the lowest price field." If you're going to buy a truck, you owe it to yourself to get the facts.

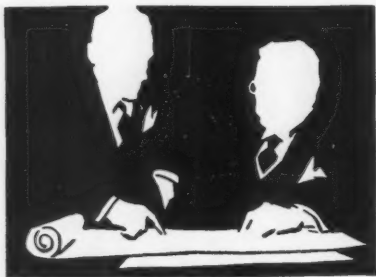
Among the three lowest-priced trucks, Dodge actually is priced lower on some models... slightly higher on others... the difference in price either way is only a few dollars. But what a difference there is in construction—in features that

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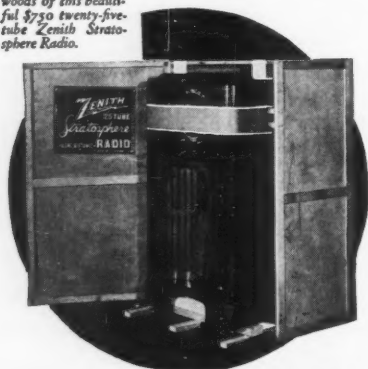
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A Challenge to Business Men

(Continued from page 28)

Employee representation plans as a means of collective bargaining have been known for many years in England and on the Continent. Some of the largest companies in this country have had employee representation plans effectively operating among their employees, for many years. Notwithstanding this long record of successful operation, the American Federation of Labor issues propaganda day by day attacking and misrepresenting the so-called "company unions." Yet industry almost never answers this propaganda.

Employees should decide

THE working men of this country are capable of deciding for themselves whether or not they desire to handle their own relations with their employers or whether they desire to create a gigantic monopoly of labor, in the hands of the Federation. It has been demonstrated that the majority of men desire to conduct their relations with their employers through their own organizations without paying tribute to professional labor leaders. It seems to me that there is a duty upon employers to support employees who desire to be independent of such a monopoly. For standing by our employees against attacks of the American Federation of Labor, I was publicly branded by the Administration as an enemy of labor and Mr. Green characterized me, in a hearing before a Senate Committee, as Public Enemy No. 1.

In commenting upon the Weirton decision Mr. Green is quoted in the *New York Times* as saying the decision was "evidently based upon either a misunderstanding or misinterpretation of facts."

I should like to point out that Mr. Green could not possibly have known all the facts, and that what he did know was at second hand. Judge Nields was in contact with the case for almost a year, saw every witness, heard every scrap of testimony, and every argument that could be advanced by counsel on either side. Mr. Green also said:

It is inconceivable that either labor or public opinion will support the extension of corporate power over the economic strength of the workers through the establishment and maintenance of company unions. . . .

In other words, if justice, as interpreted in the courts of the United States, does not coincide with the

opinions of labor leaders, then the devil take the courts. Every one of these statements is designed to give the public the impression that the employees' plans are vicious things, and that organized labor, and inferentially the great body of American workmen, are being maliciously deprived of a natural right.

Please bear in mind that the Weirton decision does not take away from the workmen of this country a single thing. They had and have the right of collective bargaining and can exercise that right in any way they see fit. Labor leaders rant against the decision because it stands in the way of a complete unionization of industry.

In our case, the United States District Court for Delaware, after 15 months of litigation, after hearing 283 witnesses, and after taking almost 6,000 pages of testimony, filed an opinion completely vindicating our position and establishing the employee representation plan as a legal and effective means of collective bargaining.

At the December elections in our Weirton plants, after all this assault upon us, both by the American Federation of Labor and by high officials in governmental circles, 98 per cent of our employees participated in an election to choose representatives under the employee representation plan. I have the utmost confidence in the intelligence and ability of the working people of this country to make their own decision as to their representation in labor matters.

I am convinced that there is no more effective medium for the relationships between employer and employee than the employee representation plan. As established at our plants, it has operated for nearly two years to the satisfaction of the vast majority of employees. Referring to this plan in his decision, Judge Nields laid heavy emphasis upon this joint interest of employer and employee. He said:

Manufacture is a cooperative enterprise. Production in quantity and quality with consequent wages, salaries, and dividends, depends upon a sympathetic cooperation of management and workmen. A relation satisfactory to both workmen and management is an essential feature of the enterprise. If satisfactory, the court will not disturb it. It is said this relation involves the problem of economic balance of the power of labor against the power of capital. The theory of a balance of power or of balancing opposing powers is based upon the assumption of an inevitable diversity of interest. This is the tradi-

tional Old World theory. It is not the Twentieth Century American theory of that relation as dependent upon mutual interests, understanding and good will. This modern theory is embodied in the Weirton plan of employee organization.

So far, I have cited specific examples of the things that have fostered uncertainty and lack of confidence—these many unsound and radical proposals coupled with the antagonism behind them, and abetted by the indisposition of business men to fight them. As far as the Administration is concerned, it might be said, in general, that the trouble is reform to the exclusion of recovery. To try now, when every part of our business, social, and economic structure is weakened by strain, to effect overnight reforms can have no effect but to retard recovery.

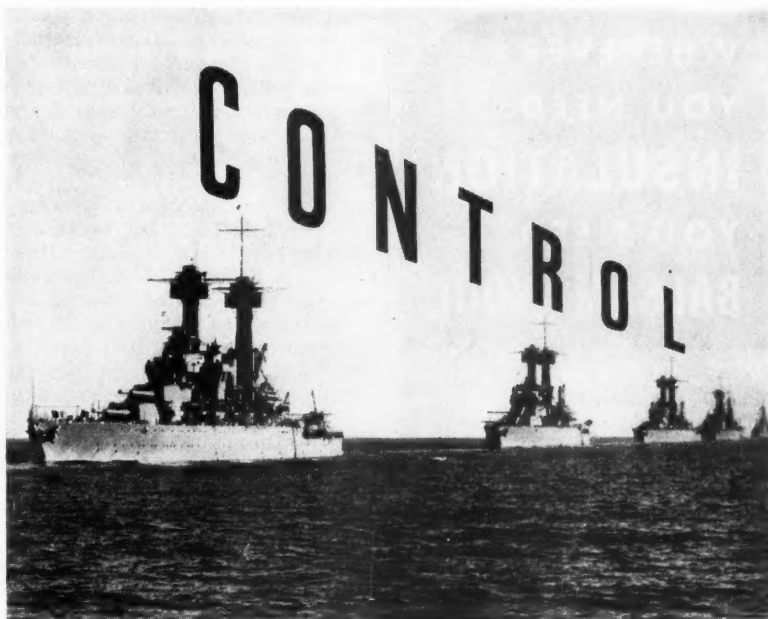
We must support ourselves

IN THE meantime, people are being educated to believe that they have no individual responsibility for their own welfare or that of the country. It is constantly expounded that conditions overwhelm the individual man, and that he cannot cope with them by his own efforts. More and more, Government has assumed the attitude of a good godfather to whom people—and even business firms—have a right to look for beneficence. This is a direct inversion of what has always been considered a cardinal principle of government. Government can give nothing of itself. Whatever it has must come from its people. Therefore it is impossible for government to support the people. In the long run, the people must support themselves, and, in addition, support government. This principle seems forgotten today.

I sympathize with misfortune, and fully recognize the necessity for relief. No one in this country must be permitted to go cold, hungry or unsheltered. But relief should be recognized for what it is—a stopgap pending the earliest opportunity to become self-supporting.

It is elementary good sense that the first goal of government should be recovery. This is what it professes to want. If it is sincere, it will start doing the things that will bring recovery, and stop doing the things that retard it. It will put its own house in order, and cut out every unnecessary governmental expenditure. It will call a truce on hasty reform and the vindictive spirit. It will withdraw federal participation from all fields in which federal participation is not proper under our Constitution.

Remembering the advice of Cicero that "In the most corrupt country you will find the most laws," it will



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cease trying to enmesh our business, financial and industrial organizations in new entanglements of legal barbed wire. It will revive its original idea of self-government of business and do the things that will encourage business to go forward. Recovery cannot start without the right conditions, not because of any voluntary desire to hold back, but because of inherent economic factors. Let these conditions be established, let confidence be restored, and business will take care of the rest of the job. All the government relief and job-making combined is not a drop in the bucket compared to the prosperity-making capacity now lying inert in business through lack of confidence.

Business favors practical reform

IT IS a widespread notion that business wishes to balk reform. This is untrue. Few men with the intellect needed to succeed in business do not realize that there are plenty of things wrong with society, including business. They see the grave inequalities and injustices. They know these things must be corrected and believe that they will be—but not by the expression of a wish or the wave of a hand.

I have always been in favor of the highest wages it is economically possible to pay.

I believe that provision for old age, for unemployment, and for other security measures are humane and necessary. In this, I know I voice the sentiment of the big majority of business men. These things will one day be part and parcel of our life, but when they come to stay it will be gradually and as an organic growth within industry. They will be an integral part of the business mechanism, not something put on with a tack hammer.

There is nothing more ridiculous than the statement that business men do not want to go ahead with the projects that will mean reemployment of men, materials, and money. They know that this activity is the very life-blood of their own business, that modernization and expansion, when started, will spread and improve all business and, therefore, general conditions. Business men want to do this but they can't do it with their hands tied by confusion and uncertainty.

In spite of this, I am pessimistic only so far as the immediate outlook is concerned. For the future, I am hopeful, if only our people stand firmly on sound principle, and through their own good sense and judgment overcome the difficulties of the hour; if they refuse to be carried away by false propaganda. Our people must save themselves by study, considera-

tion, and steadfast adherence to principles of proven worth.

We may be hopeful of the future, but we must live in the present. What the future will be, how quickly we get to a better footing, depends entirely upon what we do now. Our most important duty must be to hasten recovery. We must do our best in our own business, making it yield as much as possible, under the circumstances, in wages and employment, to the stockholder and to the consumer. Beyond this it is impossible to go unless and until government shifts its eyes from reform to recovery, and toward this end, effort on our part is plainly indicated.

It is the responsibility of every business man to be articulate. The people in Washington are doing the things they do and saying the things they say because they think that's what most of the people want. Unless they hear differently, the politician-mind will dictate that they go on thinking that. It is up to the business men to take the lead in changing that mind, and there are several practical things business men can do.

The first is to know what is going on, then study it carefully. To every business man, I say:

When you find something in which you do not believe, use your influence, point out to your associates and employees just how it will affect business and, therefore, them. Point out to the community how it will affect all related business in the community. Urge your employees and your fellow-citizens to register their will down in Washington. Work with your trade associations to do exactly the same thing over a wider area. Of course, all business cannot be expected to take a united stand on all issues. This is not possible. But there are many broad issues today upon which business will take pretty much the same position and it is these issues that have most capacity to help or harm.

If business men throughout the country, in their individual sphere of influence, take the trouble to become aware of what is going on and have the courage to take a stand, and urge action, results will soon become apparent. I believe that a much greater proportion of our population than any of us realize is waiting to respond to leadership of this order. Crystallized, this body of opinion can serve to bring us closer to the golden mean that lies between extremes, and closer to the recovery which must be our goal.

The present huge spending program and all of the preaching of demagogues and theorists cannot ruin the business of this country if business men will now stand up and fight for what they believe is for the best interest of the country. Certainly one thing is clear. Nothing is to be gained by lying back and hoping for

the best. For nearly two years we have watched in silence actions and proposals which all of our practical experience told us could be only harmful.

Business men have consumed much valuable time complaining to each other of these things. The public, hearing little from business, naturally concludes that much of what is said against it is true. We have every right, as citizens, to voice our protest. Not only that, our positions in business give us the opportunity to see the effect of these things more clearly than the average person, and this fact alone charges us with the duty to show to the country that these actions of government harm not business men, but business, and, therefore, hamstringing the activities through which the whole people earns its living.

We must be vigilant in the fight, carry it to the people, make them see the fallacy of the radicalism, and the folly of the demands for overnight change emanating from Washington. The highest patriotic service that can be given by men who still have elements of political and economic sanity is to help bring us through the hysteria of this depression as a country that still reveres the ideals of Founders who wrote a Declaration of Independence, and gave us a Constitution based upon a premise of Liberty.

Paying Both Ways

FEDERAL Coordinator of Transportation Joseph B. Eastman is an important person with a considerable organization. He has offices in Washington and regional offices in New York, Chicago and Atlanta. He has sections devoted to legislative research, transportation service, car pooling, railroad purchases and labor relations. He has a modest, but probably growing, budget of half a million or so.

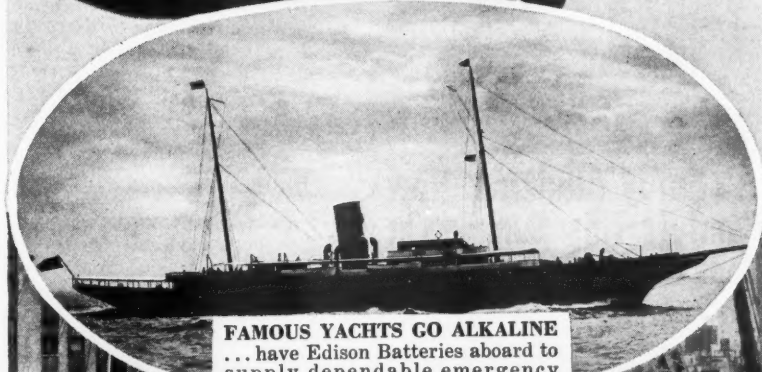
But the interesting thing about the Railroad Coordinator's bill is "who pays?" The answer is: the railroads. They pay, pay in proportion to size. The longer the railroad, the larger the amount. Thus we have in a recent report of the Lehigh Valley \$4,134, for support of Coordinator Eastman's office and right alongside it \$8,264 to the Association of American Railroads.

First you pay the Government the wages of a man to rearrange your business; then you pay an organization to see that the rearranging doesn't go too far and affect you adversely.

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Business Drafts a Program

(Continued from page 17)

the public from the burdens and detriments it inevitably suffers from the results of destructive competition on the part of the least responsible industrial elements. All enterprise could be held to standards of fair competition properly determined.

Business "hoped" that only benefits will arise from "emergency legislation with respect to basic agricultural commodities"; it opposed state laws providing compulsory unemployment benefits. In short, while it listened to some unexpectedly extreme speeches, it stuck to its guns, asserting its faith in the old alongside its willingness to listen to the new.

A year later, in 1934, the tone of the meeting was described as:

"Courage and curiosity, courage to fight back when the rights of business are assailed, courage to go ahead in business itself; curiosity as to what would be the permanent effect in American life and business of the administration program, curiosity as to what was to be permanent and what emergency."

Business is more definite

THIS year the courage continued and the curiosity had been partly satisfied. There was a more definite division in the minds of business as to what was permanent and what was temporary. As one attendant at the convention put it:

"The public works appropriation of \$4,800,000,000 may or may not be ill-advised. I think it would have been wiser to set aside less money, but we can pay the bill. To commit our banking system to political control is a graver thing. It may commit us to a plan of which we can never get rid."

That feeling found expression in the resolutions. Business—so far as the Chamber speaks for business—has set its face against certain things which it believes unsound and inimical to the good of the country. It has asked time to consider others.

After the meeting came comment and criticism along this line: The Chamber doesn't speak for all business, it isn't representative.

To which it is fair to answer: The Chamber speaks for the preponderant part of business, it never pretended to speak for all business. In support of that point, let's quote from an article by Edward H. Collins, Financial Editor of the New York *Herald Tribune*, published shortly after the Chamber's meeting:

As to whether the Chamber of Commerce of the United States is entitled to

speak for business as a whole, no one in his senses probably would insist that such was the case; and so far as this writer is concerned there has been no evidence deduced to date to indicate that the Chamber itself believes this to be true. But is there any national organization whose formal resolutions represent a perfect cross-section of the combined views of its members? Always those within such bodies who are most active, most articulate, and—it is regrettable to add—most keenly aware of its possibilities for self-aggrandizement, exercise more than their fair share of power in the shaping of its policies.

This, therefore, is not a state of affairs peculiar to the United States Chamber of Commerce. Yet, it is nowhere on record that the bonus plea of the American Legion was rejected on the ground that the Legion could not speak for all ex-service men; there is no evidence that the Administration threw out of court the arguments of the Federation of Labor for a 30-hour week and against federal spending because of the fact that the Federation was unrepresentative; and certainly, although the American Bankers Association was split wide open on the matter of policy last fall, one will scan the news accounts of its 1934 convention in vain for any suggestion that the President challenged its peace overtures because of this serious division in its ranks.

One criticism of the Chamber's resolutions, and it is one of those glib and easy criticisms, is that the Chamber only opposed; that it was destructive, not constructive, that it had nothing to offer for the betterment of the world.

To this criticism there are two answers:

First, that there was no obligation on the Chamber to be constructive. At times it is much more important to oppose than to propose.

Second, that the Chamber was constructive. Here are some points from its resolutions.

NRA—The Chamber proposed a new form based on a Chamber referendum.

Holding Companies—Reasonable and adequate regulation for all aspects of utility enterprises that affect the public interest... other abuses should be definitely identified in legislation and such provisions for regulation should be made as the public interest requires.

Labor Relations—Employees, untrammelled or uncoerced by any person, should have the right to organize in such way as they desire for the purposes of collective bargaining, or, if they so prefer, they should have preserved to them the right to bargain individually.

Federal Reserve—Quickly conceived and hurriedly enacted changes of



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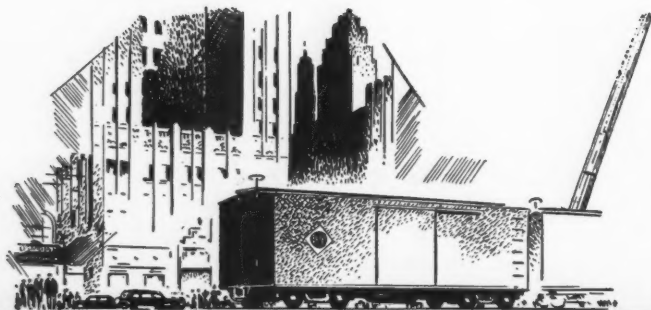
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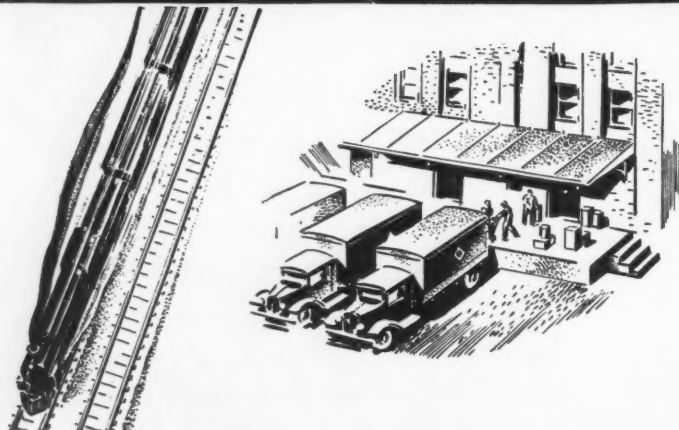
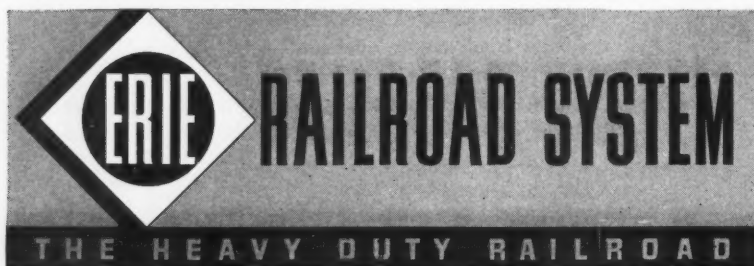
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important features of our Federal Reserve system are profoundly disturbing. It is, therefore, urged that Congress at this session provide for a thoroughgoing consideration of the Federal Reserve system and for ascertainment of any changes which should be made for its improvement.

Others could be cited, the proposal for a permanent land planning agency, for federal regulation of all forms of interstate transportation.

Individual speakers—and elsewhere are selections from their addresses—came forward with programs for their own, or for all, industry that were certainly constructive.

Here are the proposals of Henry I. Harriman, retired president of the Chamber:

1. An assurance that Congress will adjourn soon and that thereafter major reform measures will await a real revival of industry.
2. An international stabilization of currencies at the earliest possible date, so that foreign trade may move with less hazard.
3. A strong assurance that further devaluation of the dollar will not be used as a measure to restore prices.
4. Assurance of a definite and drastic reduction of government expenditures after the present emergency appropriations have been spent.

C. B. Ames, chairman of the board of The Texas Company, had these suggestions as to codes:

1. Codes should be voluntary.
2. Codes should be drafted with the greatest care so as to prescribe a rule of action which is clear, consistent and understandable.
3. Codes should be limited to a clarification of methods of unfair competition within a particular industry.
4. Labor provisions in such codes should be limited to minimum wages and maximum hours and the prohibition of child labor.
5. Such codes of fair competition should be approved by a quasi-judicial body and not by an executive agency.
6. The enforcement of such codes should be by judicial process.
7. In addition to codes of fair competition, the law should permit agreements in restraint of trade when approved by a proper federal agency.

Wendell L. Willkie, president of the Commonwealth and Southern Corporation, would deal with the utilities in this way:

1. A reasonable regulatory utility holding company bill which will prevent the recurrence of all of the alleged abuses which have been enumerated.
2. A federal regulatory bill as to operating companies which will be limited in its provision to the regulation of the electric energy actually moving in interstate commerce and which will leave to the several states their full power of regulation over electric energy generated, transmitted and distributed within their own borders.
3. A cessation of the giving of money and the lending of the balance at low interest rate for the establishment of municipal electric plants which directly compete with business already establish-

ed and in which people have invested their savings.

4. Restrict at the switchboard the sale of power generated by federally owned hydro plants, such power to be distributed by existing distribution systems under such regulation as will insure to the consumer any savings that may be effected by such generation.

William B. Bell, president of American Cyanamid, proposed:

1. Make our Securities Act like the British Securities Act (which we did not follow), in which honesty and reasonable care and diligence in the selection of accountants and engineers upon whose figures investors rely are an adequate defense.

2. Give the courts, not political appointees, the right to try and punish, both as to law and fact, those who are dishonest either in business or banking.

3. Stop tinkering with the dollar.

Mark Graves, Tax Commissioner of the State of New York, had this program of taxation:

1. The states abandon the sales and consumption tax fields to the Federal Government.

2. That to obtain uniformity in personal and corporate income taxation and inheritance and gift taxes, the credit system be resorted to temporarily.

3. That the soak-the-rich policy be abandoned and personal exemptions be lowered and taxes in the lower brackets of income and inheritances be more sharply graduated.

4. That as an emergency tax, if revenue is needed, a general manufacturers' sales tax be imposed by the Federal Government apportionable to the states under the division of yields policy.

No attempt has here been made to give a chronicle of this, the Twenty-third Annual Meeting. That the newspapers did. There were many speeches of worth and moment. The significant things the writer has here sought to show are, first, the tenor of the meeting's thinking, as shown by speech making and resolutions, and, second, that those resolutions represent business opinions after three years of facing new and grave political and economic problems.

How Advertising Can End Depression

(Continued from page 26)

people as to relative values. But," he adds, "advertising today is too often only an aspect of competitive profit-seeking."

Because of this, he tells us, advertising presents two evils:

1. Enormous waste involved in the effort to turn trade from one firm to another when their products are identical in value.

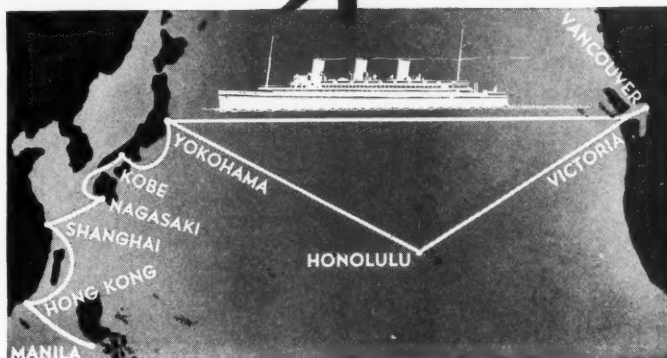
2. Fooling consumers rather than enlightening them.

As to the second evil, no brief is held for the dishonest advertiser any more than for the dishonest policeman or professor or politician. Ad-

往遠東

As the Chinese write

"Going to Orient"



DIRECT EXPRESS TO THE ORIENT!

Go Empress!

There's more than *speed* to an *Empress* crossing. All that the nineteen thirties have learned about "homes" on shipboard, about good living, and informal good times are yours when you *go Empress*.

YOKOHAMA IN 10 DAYS... The fast, short way is by this Direct Express Route. Sail on the *Empress of Asia* or the *Empress of Russia*.

HONOLULU IN 5 DAYS... Stop and see glamorous Hawaii... then on to Yokohama in only 8 days more. Go on the *Empress of Japan* (largest, fastest liner on the Pacific)... or her running mate, the *Empress of Canada*.

Frequent sailings from Vancouver (trains to ship-side) and Victoria to Yokohama, Kobe, Nagasaki, Shanghai, Hong Kong, and Manila. If you sail from San Francisco or Los Angeles, connect with an *Empress* at Honolulu. Orient fares include passage to and from Seattle. Reduced Summer round-trip fares... First and Tourist Class. Also low-cost Third Class on all *Emperesses*. Also all-expense personally-conducted tours.

INDEPENDENT WORLD TOURS... Go where you please. Stay as long as you like. Take 90 days or up to two full years. 179 Canadian Pacific agencies throughout the world to help you. Very low rates, First and Tourist Class. Ask for programmes of inclusive-cost tours.

BOOKLETS AND RATES... Information from YOUR OWN TRAVEL AGENT or any Canadian Pacific office: New York, Boston, Chicago, San Francisco, Montreal, and 32 other cities in the United States and Canada.

Canadian Pacific

SPANS THE WORLD

IGLOO IKE SAYS:



● "This year the hottest thing in golf is going to be ice! Yes sir. And I don't mean the kind you get in the locker room. I'm talking about *dry ice*—the stuff that makes this new MacGregor Pace-maker Golf Ball such a glutton for punishment and such a demon for distance.

"Take it from me, here is a golf ball! Just give it a friendly little smack and it rides away like that perfectly hit ball that most golfers see only in dreams. And the hardest drubbing leaves it as smooth and unruffled as the satiny cover of a freshly picked peach!

"Just a tiny pellet of *dry ice* is inserted in the ball's special liquid center. This generates carbon dioxide gas, 'pumps up' the liquid center, and makes the ball super-resilient. And when all this resilience is packed into an unusually tough cover, you're simply *bound* to get a ball that goes farther and lives longer! Try one. 75c." Igloo Ike, spokesman for The Crawford, McGregor and Canby Company, Dayton, Ohio. In Canada, Adanac Golf Clubs, Ltd., Toronto.



Macgregor PACE-MAKER
DRY ICE CENTER Golf Balls

vertising puts its best foot forward just as any individual does when seeking to convince the public. But advertising prepared by conscientious people for conscientious manufacturers does not try to fool the public and I, for one, am getting a little tired of hearing that it does.

As to Professor Tugwell's first "evil"—the effort to turn trade from one firm to another—what are we coming to when a responsible government official in an industrial country can call that an "evil"?

The right way, probably, would be for the first man who invented an automobile tire or a radio set to say:

"Now this is my product and I'm the only one who can make it and all you boys must lay off."

Then all the rest of us would have to try to think up something that we could be the first to invent. And if one of us happened to invent a bathtub or a tooth brush or a vacuum cleaner and didn't happen to be very

bright about making it in quantities and telling its story to all the people who would want it if they heard about it—why, then, nobody else could show us how to do it. The public could just go without it.

But perhaps letting just one man stake out a claim for each invention would be going a little further than even a social planner would approve. Maybe the best way would be to put all the manufacturers of a certain product around a table with Teacher at the head and have him say:

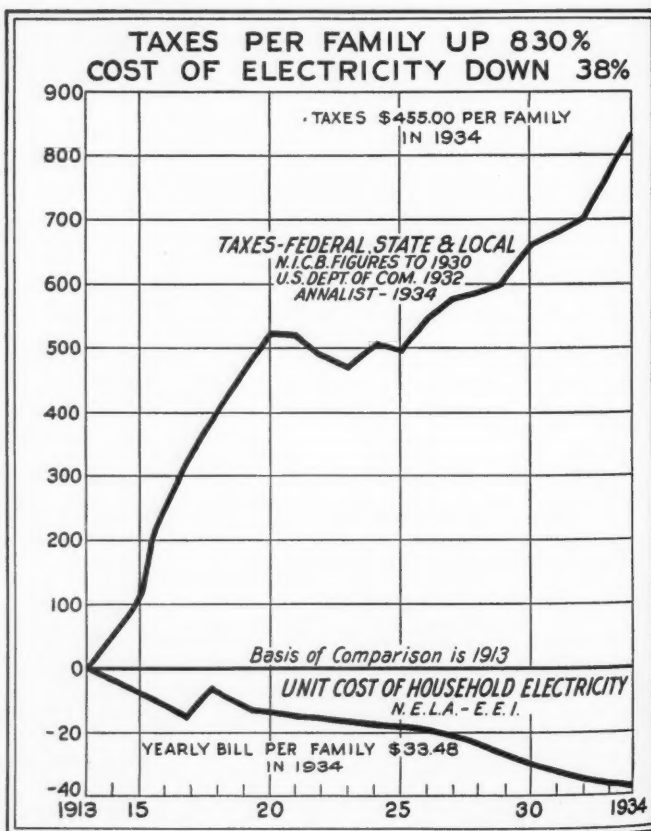
"Now you ten boys will admit that your industry will probably sell \$10,000,000 worth of your product next year. I hope you all will be nice and agree that each of you will make exactly a million dollars' worth."

Can you imagine the uproar around that table?

"Great Scott!" yells Mr. A. "I've got to sell two million to keep my factory out of the red!"

"What about me?" shouts Mr. B.

Electric Power and Taxes



Which costs the average family more, its taxes or its electricity? Most folk might guess the answer to that, though not many realize how great the tax bill is in proportion. But how many realize that, in 21 years, our tax bills have been multiplied eight times while our electricity bills have gone down nearly two-fifths. Here's the comparison.

"I've got 30,000 stockholders, half of them women. I can't pay dividends on less than a four-million-dollar business."

And then a small voice pipes up from the end of the table. It is Mr. C.

"I've never done more than \$200,000 worth of business even in boom years," he says. "I wouldn't know how to go about selling a million. Please, Teacher, don't make me!"

Maybe old Competition and Individual Initiative aren't such archvillains, after all.

C. T. Hutchins, who presided over Goodyear's advertising destinies for many years, sums it up this way:

We all do a lot of planning and a lot of careful manufacturing and selling and advertising and the object of the whole thing is when some guy drives up to a dealer in Ames, Iowa, and says, "Give me a tire for this bus of mine." What tire does he ask for? That's the whole story.

Yes, Mr. Hutchins, and if Goodyear and Goodrich and U. S. and a dozen others hadn't been hammering at each other competitively so long, that guy might not have found a tire to fit his bus in Ames, Iowa, and if he did it wouldn't have been out of such clean, fresh stock and it would have cost him a lot more if those companies hadn't been advertising to sell in such quantities that their prices have gone down and quality has gone up.

In a recent fireside chat President Roosevelt said:

While our present and projected expenditures for work-relief are wholly within the limits of our national credit resources, it is obvious that we cannot continue to create governmental deficits for that purpose year after year.

So apparently it is agreed that we can't just go on pouring it out. Some day we've got to pour out less and have more people earn more.

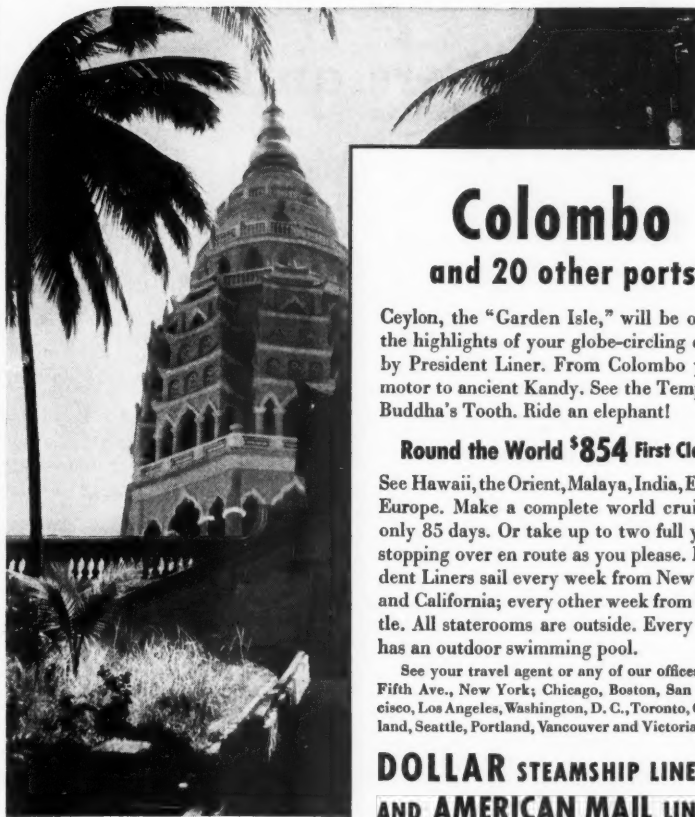
In all humility and in deadliest earnest may this suggestion be offered—

That day will come when enough guys drive up to a dealer's store in Ames, Iowa, and say, "Give me a tire for this bus of mine."

And when that guy's wife goes into other stores and other guys and their wives go into other stores and say, "Give me these and those."

And how are we going to bring that about? It won't just happen.

Industry is not going to whip up its 55,000,000 horse power until it feels the pull of consumer confidence. When more and more manufacturers advertising consumer products can lose their Washington-made jitters and swing into their stride, we will find that the pump has been primed—not by the expedient of pouring oil on troubled waters, but by using advertising for what it is today—the spark plug to start the engine.



Colombo and 20 other ports

Ceylon, the "Garden Isle," will be one of the highlights of your globe-circling cruise by President Liner. From Colombo you'll motor to ancient Kandy. See the Temple of Buddha's Tooth. Ride an elephant!

Round the World '854 First Class

See Hawaii, the Orient, Malaya, India, Egypt, Europe. Make a complete world cruise in only 85 days. Or take up to two full years, stopping over en route as you please. President Liners sail every week from New York and California; every other week from Seattle. All staterooms are outside. Every liner has an outdoor swimming pool.

See your travel agent or any of our offices: 604 Fifth Ave., New York; Chicago, Boston, San Francisco, Los Angeles, Washington, D. C., Toronto, Cleveland, Seattle, Portland, Vancouver and Victoria, B. C.

**DOLLAR STEAMSHIP LINES
AND AMERICAN MAIL LINE**

**The cost of
advertising in
NATION'S
BUSINESS is
surprisingly
low!**

BIRD'S-EYE VIEWS DRAWN

Your Plant or Property can be drawn to make a most attractive showing for your advertising, no matter what its size, appearance or location. Write for proofs and estimate.
WALTER A. WEISNER STUDIO
332 S. Michigan Ave. Chicago, Ill.

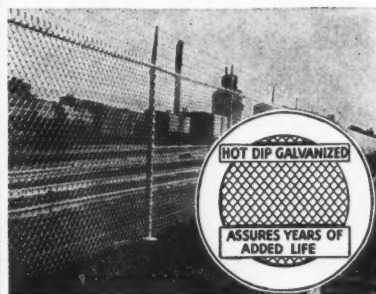
World Famous
National history makes the background—modern perfection in hotel life makes the foreground at
The WILLARD HOTEL
"The Residence of Presidents"
Washington, D. C.
H. P. SOMERVILLE, Managing Director

CONTINENTAL Chain-Link Fence

**BUILT TO OUTLAST the
Present Generation.**

● Continental Chain-Link fence is designed to meet the most exacting requirements where Beauty, Dignity, Strength, Utility and Endurance must combine. Made only of copper-bearing steel *Hot-Dip Galvanized After Fabrication*, Continental Chain-Link will provide a lifetime of valuable service. Furnished in three popular styles with or without barb wire at the top; it is sold completely erected or material only. Accurate quotations furnished without obligation. Write us now about your fence problems.

CONTINENTAL STEEL CORP., Kokomo, Ind.
Distributors in All Principal Cities



What Bankers and Investors Discuss

Who makes money "tight"?

AT THIS writing (May 8) the fate of the new bank bill is still uncertain. Titles I and III, more or less uncontested, may be passed and Title II, the one chiefly in dispute, may go over until a later session of Congress.

One thing has been working for Title II. The bankers themselves are not of one mind. A committee of their Association has opposed some of the proposals of Title II, but A. P. Giannini, head of the Bank of America, fourth largest bank in the United States, and a potent figure in the National City Bank, second largest, attacked the statement made before the Senate Committee on Banking by James P. Warburg. Mr. Warburg and the Bankers' Association Committee, headed by Chairman Aldrich of the Chase Bank, have opposed provisions of the bill as putting too much power in the hands of the Government.

Not so, said Mr. Giannini. "Personally, I would rather that this power be exercised by a public body in the public interest than by the New York banking fraternity."

Senator Fletcher of Florida, chairman of the Senate Banking Committee, followed the Giannini statement by urging that the bankers get together for "stabilization." Said he:

It is my earnest desire that the 15,000 or 20,000 bewildered bankers, who have never known and cannot be expected to know why money is "tight" or "easy," demand that this great disturbing factor of monetary policy be separated from banking *per se* and placed in the hands of men who must and who shall be held responsible and accountable for their acts.

Undoubtedly, in this great nation we can find at least five or eight men, depending upon the final provisions of the act, who know what it is all about and can be trusted to administer our monetary policy intelligently and with the greatest amount of integrity and respect for the people and to act for the public welfare.

The Senator's picture of bewildered bankers who don't know why money is tight or easy is rather startling.

The view of business

WHILE the bankers were discussing the bill, the Chamber of Commerce of the United States set up a special committee to consider the merits of the bill from a business point of view. The committee was unusual since it had no banker member on it. Its chairman was a manu-

facturer and its other members were:

- A life insurance president
- A milling company president
- A utility president
- A railroad president
- A farmer (real farmer plus farm association connections)
- A "trustee." (He'd been a food packer and wholesaler and active in the Food Administration in the war.)
- A president of a wholesale hardware house
- A vice president of the American Federation of Labor

A representative group who could hardly be accused of taking a banker point of view!

The main grounds upon which the committee bases its opposition to the Federal Reserve bill are:

There would be greatly increased danger of political domination of the system's operations; partisan or government dictation of banking would be likely to supplant desirable regulation.

Such concentration of power in the system would be produced as to violate the principle that the regional reserve banks should possess a high degree of autonomy.

The Federal Reserve Board and system would be compelled to conform policies with respect to money and credit to any financial program of the Government and to its dictation concerning the volume and kind of credit to be made available to business.

The main features of the banking system that shall exist in this country would be determined by a small group of officials in Washington.

In the councils of the system there would be a marked decrease in the influence of the representatives of commerce, agriculture and industry, while the influence of bank officials and a small group of officials in Washington would be increased to an undesirable extent.

There would be danger of immediate application of theories of money and banking which would be fundamentally opposed to the standards of the Reserve Act and to the best traditions of business and banking; policies concerned mainly with the volume of money and credit, rather than with the quality of credit extensions, apparently would be established.

Reserve and member banks would be subjected to official and public expectations that their loan and investment policies must contemplate possession of a volume of illiquid paper and there would be an increase in pressure to make them conform their operations to inflationistic policies.

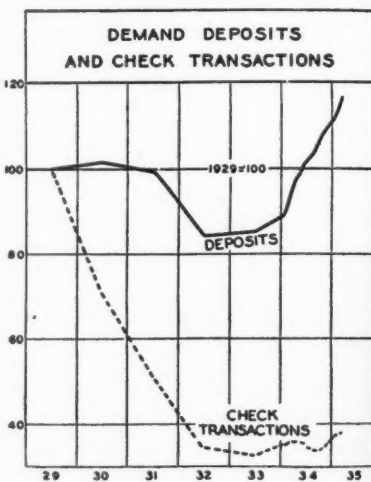
The committee points out that there is no sound reason at the present time for hasty action in changing the basic structure of the Federal Reserve system. The committee does, however, recognize that because of changing requirements, timely modification of the Federal Reserve Act will continue to be necessary. To this end, the committee suggests:

Commerce, agriculture, labor and industry should support all proposals that the Congress make provisions for suitable review at definite intervals, of five to ten years, of the basic laws relating to banking and money and the operation of the special credit agencies chartered by the Federal Government.

The Committee's report met approval in the resolution adopted at the Chamber's Annual Meeting.

Money that isn't working

IT IS commonly said that the bank deposits we may draw on are as much a part of the nation's currency as the money we carry in our pockets. If



that is so, then the above chart from the Cleveland Trust Company *Business Bulletin* shows that that part of our currency is not doing its share in turnover.

Could it be that the easy money policy is loosening more money and deposits than the country can use efficiently with the present degree of business confidence?

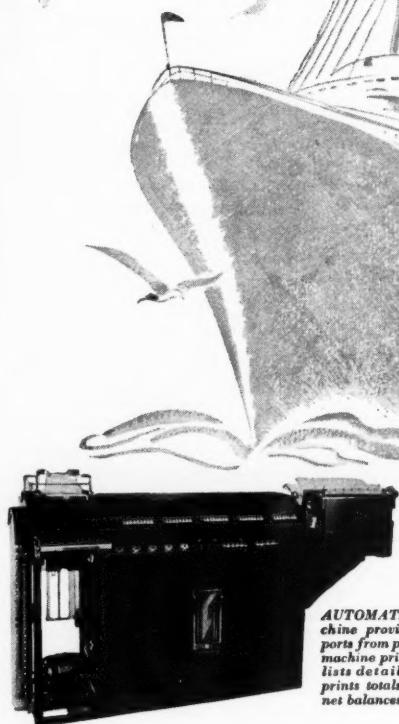
We do pay taxes

"WE in America don't know what it is to be taxed. Look at England."

That is a favorite assertion of those who see no cause for alarm in the present spending of our Government. Relief Administrator Harry L. Hopkins has said it. So incidentally has Mr. Hore-Belisha, when he was financial secretary to the British Treasury. He was quoted as saying that the Englishman paid \$86 a head in taxes and the American only \$25.

Both were reckoning in terms of national income taxes plus perhaps the taxes on inheritance and gifts. It is a fact that in Great Britain for

AUTOMATIC CONTROL BELONGS IN BUSINESS AS WELL AS ON SHIPBOARD



AUTOMATICALLY this machine provides complete reports from punched cards. The machine prints classifications, lists details, computes and prints totals, grand totals and net balances.

PURCHASE AND SALES COMPARISON									
DATE	QUANTITY	UNIT PRICE	TOTAL	NET WEIGHT	NET VOLUME	NET VALUE	NET BALANCE	NET CREDIT	NET DEBIT
1935	100	1.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1936	200	2.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
1937	300	3.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00
1938	400	4.00	1600.00	1600.00	1600.00	1600.00	1600.00	1600.00	1600.00
1939	500	5.00	2500.00	2500.00	2500.00	2500.00	2500.00	2500.00	2500.00
1940	600	6.00	3600.00	3600.00	3600.00	3600.00	3600.00	3600.00	3600.00
1941	700	7.00	4900.00	4900.00	4900.00	4900.00	4900.00	4900.00	4900.00
1942	800	8.00	6400.00	6400.00	6400.00	6400.00	6400.00	6400.00	6400.00
1943	900	9.00	8100.00	8100.00	8100.00	8100.00	8100.00	8100.00	8100.00
1944	1000	10.00	10000.00	10000.00	10000.00	10000.00	10000.00	10000.00	10000.00
1945	1100	11.00	12100.00	12100.00	12100.00	12100.00	12100.00	12100.00	12100.00
1946	1200	12.00	14400.00	14400.00	14400.00	14400.00	14400.00	14400.00	14400.00
1947	1300	13.00	16900.00	16900.00	16900.00	16900.00	16900.00	16900.00	16900.00
1948	1400	14.00	19600.00	19600.00	19600.00	19600.00	19600.00	19600.00	19600.00
1949	1500	15.00	22500.00	22500.00	22500.00	22500.00	22500.00	22500.00	22500.00
1950	1600	16.00	25600.00	25600.00	25600.00	25600.00	25600.00	25600.00	25600.00
1951	1700	17.00	28900.00	28900.00	28900.00	28900.00	28900.00	28900.00	28900.00
1952	1800	18.00	32400.00	32400.00	32400.00	32400.00	32400.00	32400.00	32400.00
1953	1900	19.00	36100.00	36100.00	36100.00	36100.00	36100.00	36100.00	36100.00
1954	2000	20.00	40000.00	40000.00	40000.00	40000.00	40000.00	40000.00	40000.00
1955	2100	21.00	44100.00	44100.00	44100.00	44100.00	44100.00	44100.00	44100.00
1956	2200	22.00	48400.00	48400.00	48400.00	48400.00	48400.00	48400.00	48400.00
1957	2300	23.00	52900.00	52900.00	52900.00	52900.00	52900.00	52900.00	52900.00
1958	2400	24.00	57600.00	57600.00	57600.00	57600.00	57600.00	57600.00	57600.00
1959	2500	25.00	62500.00	62500.00	62500.00	62500.00	62500.00	62500.00	62500.00
1960	2600	26.00	67600.00	67600.00	67600.00	67600.00	67600.00	67600.00	67600.00
1961	2700	27.00	72900.00	72900.00	72900.00	72900.00	72900.00	72900.00	72900.00
1962	2800	28.00	78400.00	78400.00	78400.00	78400.00	78400.00	78400.00	78400.00
1963	2900	29.00	84100.00	84100.00	84100.00	84100.00	84100.00	84100.00	84100.00
1964	3000	30.00	90000.00	90000.00	90000.00	90000.00	90000.00	90000.00	90000.00
1965	3100	31.00	96100.00	96100.00	96100.00	96100.00	96100.00	96100.00	96100.00
1966	3200	32.00	102400.00	102400.00	102400.00	102400.00	102400.00	102400.00	102400.00
1967	3300	33.00	108900.00	108900.00	108900.00	108900.00	108900.00	108900.00	108900.00
1968	3400	34.00	115600.00	115600.00	115600.00	115600.00	115600.00	115600.00	115600.00
1969	3500	35.00	122500.00	122500.00	122500.00	122500.00	122500.00	122500.00	122500.00
1970	3600	36.00	129600.00	129600.00	129600.00	129600.00	129600.00	129600.00	129600.00
1971	3700	37.00	136900.00	136900.00	136900.00	136900.00	136900.00	136900.00	136900.00
1972	3800	38.00	144400.00	144400.00	144400.00	144400.00	144400.00	144400.00	144400.00
1973	3900	39.00	152100.00	152100.00	152100.00	152100.00	152100.00	152100.00	152100.00
1974	4000	40.00	160000.00	160000.00	160000.00	160000.00	160000.00	160000.00	160000.00
1975	4100	41.00	168100.00	168100.00	168100.00	168100.00	168100.00	168100.00	168100.00
1976	4200	42.00	176400.00	176400.00	176400.00	176400.00	176400.00	176400.00	176400.00
1977	4300	43.00	184900.00	184900.00	184900.00	184900.00	184900.00	184900.00	184900.00
1978	4400	44.00	193600.00	193600.00	193600.00	193600.00	193600.00	193600.00	193600.00
1979	4500	45.00	202500.00	202500.00	202500.00	202500.00	202500.00	202500.00	202500.00
1980	4600	46.00	211600.00	211600.00	211600.00	211600.00	211600.00	211600.00	211600.00
1981	4700	47.00	220900.00	220900.00	220900.00	220900.00	220900.00	220900.00	220900.00
1982	4800	48.00	230400.00	230400.00	230400.00	230400.00	230400.00	230400.00	230400.00
1983	4900	49.00	240100.00	240100.00	240100.00	240100.00	240100.00	240100.00	240100.00
1984	5000	50.00	250000.00	250000.00	250000.00	250000.00	250000.00	250000.00	250000.00
1985	5100	51.00	260100.00	260100.00	260100.00	260100.00	260100.00	260100.00	260100.00
1986	5200	52.00	270400.00	270400.00	270400.00	270400.00	270400.00	270400.00	270400.00
1987	5300	53.00	280900.00	280900.00	280900.00	280900.00	280900.00	280900.00	280900.00
1988	5400	54.00	291600.00	291600.00	291600.00	291600.00	291600.00	291600.00	291600.00
1989	5500	55.00	302500.00	302500.00	302500.00	302500.00	302500.00	302500.00	302500.00
1990	5600	56.00	313600.00	313600.00	313600.00	313600.00	313600.00	313600.00	313600.00
1991	5700	57.00	324900.00	324900.00	324900.00	324900.00	324900.00	324900.00	324900.00
1992	5800	58.00	336400.00	336400.00	336400.00	336400.00	336400.00	336400.00	336400.00
1993	5900	59.00	348100.00	348100.00	348100.00	348100.00	348100.00	348100.00	348100.00
1994	6000	60.00	360000.00	360000.00	360000.00	360000.00	360000.00	360000.00	360000.00
1995	6100	61.00	372100.00	372100.00	372100.00	372100.00	372100.00	372100.00	372100.00
1996	6200	62.00	384400.00	384400.00	384400.00	384400.00	384400.00	384400.00	384400.00
1997	6300	63.00	396900.00	396900.00	396900.00	396900.00	396900.00	396900.00	396900.00
1998	6400	64.00	409600.00	409600.00	409600.00	409600.00	409600.00	409600.00	409600.00
1999	6500	65.00	422500.00	422500.00	422500.00	422500.00	422500.00	422500.00	422500.00
2000	6600	66.00	435600.00	435600.00	435600.00	435600.00	435600.00	435600.00	435600.00
2001	6700	67.00	448900.00	448900.00	448900.00	448900.00	448900.00	448900.00	448900.00
2002	6800	68.00	462400.00	462400.00	462400.00	462400.00	462400.00	462400.00	462400.00
2003	6900	69.00	476100.00	476100.00	476100.00	476100.00	476100.00	476100.00	476100.00
2004	7000	70.00	490000.00	490000.00	490000.00	490000.00	490000.00	490000.00	490000.00
2005	7100	71.00	504100.00	504100.00	504100.00	504100.00	504100.00	504100.00	504100.00
2006	7200	72.00	518400.00	518400.00	518400.00	518400.00	518400.00	518400.00	518400.00
2007	7300	73.00	532900.00	532900.00	532900.00	532900.00	532900.00	532900.00	532900.00
2008	7400	74.00	547600.00	547600.00	547600.00	547600.00	547600.00	547600.00	547600.00
2009	7500	75.00	562500.00	562500.00	562500.00	562500.00	562500.00	562500.00	562500.00
2010	7600	76.00	577600.00	577600.00	577600.00	577600.00	577600.00	577600.00	577600.00
2011	7700	77.00	592900.00	592900.00	592900.00	592900.00	592900.00	592900.00	592900.00
2012	7800	78.00	608400.00	608400.00	608400.00	608400.00	608400.00	608400.00	608400.00
2013	7900	79.00	624100.00	624100.00	624100.00	624100.00	624100.00	624100.00	624100.00
2014	8000	80.00	640000.00	640000.00	640000.00	640000.00	640000.00	640000.00	640000.00
2015	8100	81.00	656100.00	656100.00	656100.00	656100.00	656100.00	656100.00	656100.00
2016	8200	82.00	672400.00	672400.00	672400.00	672400.00	672400.00	672400.00	672400.00
2017	8300	83.00	688900.00	688900.00	688900.00	688900.00	688900.00	688900.00	688900.00
2018	8400	84.00	705600.00	705600.00	705600.00	705600.00	705600.00	705600.00	705600.00
2019	8500	85.00	722500.00	722500.00	722500.00	722500.00	722500.00	722500.00	722500.00
2020	8600	86.00	739600.00	739600.00	739600.00	739600.00	739600.00	739600.00	739600.00
2021	8700	87.00	756900.00	756900.00					

Utility securities have shrunk \$3,500,000,000 in value since January 1, 1933, largely as the result of government attacks. All securities listed on the New York Stock Exchange gained \$18,600,000,000 during the same period.

This loss in value of utility securities is *five times* the Nation's annual residential electric bill.

• The Rayburn-Wheeler Bill now proposes to abolish utility holding companies, and so complete this destruction of the savings of millions of investors. It also proposes to put local electric and gas companies under strangling control from Washington. This is a direct invasion of the rights of the States which now regulate their own utility companies with their own commissions. The threat of this bill is a definite brake on recovery.

If you wish to protect your investments and your utility service, write your Representatives and Senators immediately and protest this effort to erect another costly bureaucracy on the ruins of utility companies and utility investments. Ask them to inform you promptly of their attitude on the bill.

ASSOCIATED GAS & ELECTRIC SYSTEM



A CAREER IN Life Insurance Representation



Most of us know at least one individual who somehow has not yet succeeded in winning a fair reward for his or her efforts.

Suggest to such a person the earnest consideration of *life insurance field work* as a permanent career. Recommend a prompt reply to this advertisement.

The Mutual Life Insurance Company of New York places a high value on sincere recommendations if based on personal knowledge of the character of those recommended.

To selected individuals who possess energy, common sense, character, stability and genuine sympathy with others, The Mutual Life offers personal direction and training in life insurance field work, leading to permanent careers in the communities chosen.

The Mutual Life's new 36-page booklet "A Career in Life Insurance Representation" is available to those who wish to consider the subject seriously; also name of nearest Mutual Life manager.

Address: Vice President and Manager of Agencies

The Mutual Life
Insurance Company of New York
DAVID F. HOUSTON, President
34 Nassau Street, New York

the fiscal year 1934 something more than half of the taxes were collected from these sources, while in the United States it was only about 36 per cent.

Here are some figures on the individual payments:

TAX AND CUSTOMS REVENUE, UNITED KINGDOM, YEAR 1933-34	
Total national government receipts, taxes and customs	\$3,417,395,000.00
Total local government receipts from taxes.....	1,142,425,000.00
Total	\$4,559,820,000.00
Per capita burden.....	\$99.11

TAX AND CUSTOMS RECEIPTS, UNITED STATES, FISCAL YEAR 1934	
Total national government receipts, taxes and customs	\$2,985,673,000.00
Total local government receipts from taxes.....	6,416,064,000.00
Total	\$9,401,737,000.00
Per capita burden.....	\$74.37

(And about \$370,000,000 of processing taxes are not included in this figure)

The difference of about 33 per cent hardly justifies the statement that as yet we know nothing about taxation as compared with the Englishman. The fact is that we know a great deal and are going to learn more.

It is unfair to consider only payments. We must reckon also with expenditures to see what amount is provided for current budgets and what is postponed for a later date.

TOTAL EXPENDITURES	
United Kingdom, year 1933-34:	
Total national government expenditures, including grants to local governments	\$3,467,095,000
Total local government expenditures, excluding expenditures out of grants from National Government	1,840,000,000
Total	\$5,307,095,000
Per capita expenditure....	\$115

United States, fiscal year 1934:	
Total national government expenditures.....	\$7,105,050,000
Total local government expenditures	9,679,000,000
Total	\$16,784,050,000
Per capita expenditure....	\$133

In short, we are spending 16 per cent more *per capita* than Great Britain. The fact that we are paying less taxation for each individual means simply that we are putting off an evil day. If we continue to spend more and pay less on the nail we must inevitably increase taxation, inflate, or repudiate.

There is no doubt that we can considerably increase our public debt. The comparison between Great Britain and the United States on that point is interesting. Great Britain on March 31, 1934, had a *per capita* debt of about \$991, and the United States of about \$370, this including both national and local debts.

Here's another figure which is interesting as showing the trend:

TAXES AS PERCENTAGE OF NATIONAL INCOME		
	United States	Great Britain
1929	10.9	21.9
1934	21.5	24.7

The truth of these last figures is supported by the fact that Great Britain is getting a reduction in taxation for the current year and there is no indication of anything of that sort in this country.

Where silver profits go

BEHIND the political uproar three groups of interests are reaping profits from the New Deal's current silver policy. They are domestic silver producers, speculators in silver, and speculators in silver stocks.

Actually there are eight big and prosperous companies which produce 70 per cent of the nation's silver. Regardless of the silver tongues of the silver Senators, these eight big companies are primary beneficiaries of the New Deal silver program.

These companies are the Sunshine Mining Company, the Phelps Dodge Corporation, the Anaconda Copper Mining Company, the United States Smelting Refining and Mining Company, Silver King Coalition Mines, the Bunker Hill and Sullivan Company, the Tintic Standard Mining Company and the Hecla Mining Company. The first four produce 48 per cent of all the silver mined in the country.

All the eight companies, with the exception of Sunshine Mining and Silver King, would operate regardless of silver prices. Their main concern is copper, lead, or zinc. Silver is only a by-product with them. What it yields goes into additional dividends or profits, very little into operating expenses such as wages.

The largest known stockholder in Phelps Dodge holds approximately 556,600 shares. Besides seeing that stock advance in value from 3 million to 9 million dollars, this stockholder saw dividends begin to flow again after the silver price was raised. There was no dividend in 1932, a 25 cent dividend in 1933, which was not distributed until the following year, and an additional 50 cent dividend in 1934, the first year of New Deal silver prices.

These eight leading companies in 1934 produced 18 million ounces of silver, or 70 per cent of the national total. At pre-New Deal prices this silver would have been worth slightly more than \$6,000,000. When the Treasury pegged its domestic price for 1934 at 64½ cents an ounce, this silver became worth approximately \$11,500,000, a gain for these companies of almost \$5,500,000.



“UP-TO-DATE as oil in cans”

says CONTINENTAL CAN COMPANY



• Imagine a completely electrified adding machine, so light you carry it in one hand, taking little more desk space than an ordinary letterhead... the new Remington Rand Electric Portable.

Among the newest of its thousands of users is the Continental Can Company of New York, which recently purchased a number of these machines for use throughout their organization. "It's up-to-date as oil in sealed cans," says J. S. Snelham, Comptroller, "so complete, so simple to operate that any business should find use for several machines in all departments."

COMPLETE ADDING AND ACCOUNTING MACHINE SERVICE INCLUDING:

1 Remington Rand Hand and Electric Portables, a complete line, priced from \$75 to \$140.

2 New All-Electrified Remington Accounting Machine, posting ledger, printing customers' statements, making columnar distribution in one operation, giving daily summarized business control.

3 New Remington Rand Commercial Bookkeeping Machine, producing original entry and original ledger in ten seconds... available in special commercial and bank models.

4 Powers Punched Card Accounting, giving complete analysis and control as a by-product of routine accounting.

5 Services of the Remington Rand specialist, whose advice can be unbiased because he has a complete line of equipment to choose from.

The Remington Rand electric portable adding machine adds up to \$100,000,000.00; has simple ten-key keyboard; visible adding dials; correction key; electric non-add and sub-total key; automatic ribbon reverse... 20 outstanding features. Multiplies as well as adds.

Electrified model shown above \$140; manual machine \$80; simplified model \$75. Available on convenient terms. Freeten-day trial. Look for Remington Rand in your phone book, or write REMINGTON RAND... BUFFALO, N. Y.

OK... it's from
Remington Rand

• POPULAR FALLACIES OF ADVERTISING •

"Let's Abolish All Advertising!"

... It Would Save a Billion a Year!"

WOULD the same volume of goods now sold by the aid of advertising continue to be sold if advertising were abolished?

Some people think so . . . even though this assumption has been disproved many, many times.

These people view advertising as a "burden," and because they see it everywhere about them, they have an exaggerated idea of what advertising costs really are.

The Bureau of Advertising of the American Newspaper Publishers Association says that in 1933 the aggregate expenditure of consumer-goods advertisers in magazines, radio, newspapers, bill boards, and car cards was \$298,000,000. The Bureau of the Census of the U. S. Department of Commerce says that in 1933, the total retail sales of the country were \$25,700,712,000.

Obviously, the \$298,000,000 worth of advertising was spent to move the \$25,700,712,000 worth of goods at retail—and this amounts to 1-1/6 cents worth of advertising per dollar of retail sales—



AS an advertising man you resent unfair attacks upon the integrity of your profession. You appreciate a defense like this spread before 265,000 fellow business men, your clients. ¶Every business suffers likewise from fallacious thinking—

coal, ice, banks, railroads, wholesalers. They likewise esteem a stout defender. ¶For 20 years NATION'S BUSINESS has fought popular fallacies of every business. That is one reason why it holds the loyalty of its readers.

a small price to pay on such a volume of business.

If the advertising expenditures had not been made, some other additional sales effort would have been necessary to move this enormous volume of goods—for there is no other known form of sales effort so economical as advertising.



NATION'S BUSINESS

265,000 CIRCULATION

PUBLISHED MONTHLY AT WASHINGTON BY THE UNITED STATES CHAMBER OF COMMERCE

This is one of a series of thirteen advertisements, now available in brochure form. Address, Nation's Business, Washington, D. C.

Everybody Owes the Government

(Continued from page 36)

of super-holding companies such as the Public Utilities Securities Corporation, and, to make matters worse, the NRA snatched the Blue Eagle of one of the subsidiary utilities for violation of the recovery laws.

Mr. Jones is also the gentleman who lent \$40,000 to an up-state New York vinegar manufacturer only to have the Government's revenue agents close the plant for bootlegging industrial alcohol. Mr. Jones' loan is secured by vinegar and cider in a bonded warehouse, and he will have to peddle these wares to liquidate his loan.

The Farm Credit Administration probably has the hardest row to hoe. The Government has been in the farm financing business longer than in any other, and the record is not impressive. Politicians in Congress, who have been accused of farming the farmers, used to boast when their constituents repaid an average of 85 per cent of the government loans. Nobody needs to be told what would happen to a bank which could only collect 85 cents on the dollar. Arrears on crop loans are almost half as much as the outstanding new loans.

Losses may be heavy

FARM loans made by the FCA, the Commodity Credit Corporation, and certain minor divisions of the RFC aggregate \$2,906,000,000. The total farm income in 1934 was estimated at \$5,500,000,000, exclusive of crop reduction benefits. Just to set the two figures side by side suggests the problem. Altogether, with no allowance for possible duplications, the Government has made 3,473,300 loans to farmers and farm institutions. The total number of farms in the country is about 6,288,648.

None of the three big lenders, therefore, expects to escape without some loss. Their fondest hope, in the words of Mr. Jones, is that "there would be the least possible loss to the taxpayer."

It all comes back to the taxpayer, because the Government has borrowed almost all of the money it has lent, and regardless of what happens to the Government's lending ventures, the taxpayer must pay back the Government's borrowings—with interest.

Suppose, however, that the big bulk of the loans are never repaid. This is possible. The fact that millions of persons, all of them voters,

are in debt to the Government may inspire certain politicians to run on a platform of cancelling all government loans, especially those to numerically powerful groups such as homeowners and farmers.

It is also possible that large blocks of loans, like the Dawes loan, will default. Already the HOLC has had to foreclose on 258 loans. Some of the borrowers bluntly refused to pay. Others simply vanished, taking the proceeds of their government loans with them and leaving the Government their real estate.

The RFC also has had to foreclose on a railroad in Colorado. In at least two banks and one casualty company it has felt called upon to exercise its preferred stock rights and force a reorganization of the companies' management to avoid possible losses.

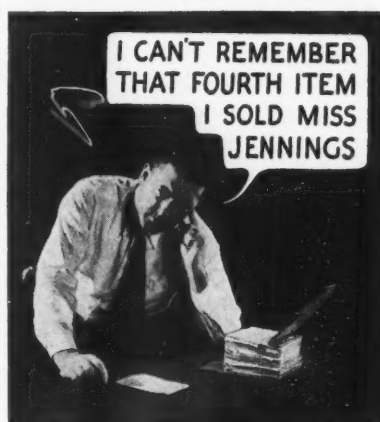
Government might get it all

IF DEFAULTS like these came piling in wholesale, the Government would be swamped under an amazing collection of banks, insurance companies, houses, farms, railroads, ships, exporting firms, industrial plants, building and loan associations, and public works projects. It would even have liens on most of the counties and states in the country.

That road would lead to state socialism as quickly as Huey Long's share-the-wealth scheme. Probably no national administration would wish to have all this financial and industrial equipage dumped into its lap by defaulting borrowers. Uncle Sam would look awkward hawking homes, farms, and railroads up and down the country side.

If federal debtors became obstinate about paying, as a few of the HOLC borrowers have done, an ever-generous Congress probably would let by-gones be by-gones. The buck would then be passed to that ubiquitous but helpless individual, John Taxpayer. For, let us repeat, even if not a single Government mortgage is repaid, every Government bond must be redeemed or the rescue work will have been in vain.

Therefore, regardless of how many sour loans the Government may have accumulated or how weakly or courageously it collects from a large block of voters, the one safe bet is that the sins of the 1933 collapse and of the 1933-35 easy money period, whatever they may be, will be visited upon us unto the seventh generation—yea, even unto the ultimate surtax.



and you'll never collect for it!

Forgetfulness takes a terrific cut from profits. It's human to forget—employees can't be expected to remember everything. But it's mighty costly when they do forget to make proper entries. Provide Egr Register Systems for the immediate recording of every transaction, when and where the transaction is made!

Eliminate forgetfulness, mistakes, temptations, carelessness from your business. Don't take chances with profits. Know what is going on in any department at all times. Egr Register Systems give a private detailed audit copy of each transaction, neatly refolded and automatically filed in the locked compartment of the register, at the time the transaction is recorded.

You can't afford to be without the control that Egr Register Systems give. Designed to fit every business need, Egr Register Systems save their cost many times over by the economies they effect . . . and the losses they eliminate. Write for free information on Egr Register Systems, manually or electrically operated counter models, with or without cash drawer equipment. Your business needs Egr Protection. Get it today!



Illustrated is the Egr Tru-Pak Auditor.

EGRY REGISTERS

THE EGRY REGISTER CO., Dayton, Ohio
Please send complete information on the Egr Register System designed for my business. NB-6

Name.....

Address.....

City..... State.....

Limited territory available for high type sales agents. Details on request.



Republic Belting

HAS ENDURING QUALITIES

● Each Republic Transmission Belt is a thoroughly tested product. All materials in its construction are tested before it is made—all properties that determine its life and efficiency of operation are tested when it is completed.

The outstanding quality of the many brands of Republic Belts is endurance. Strength, flexibility, low stretch and pulley-gripping surface are scientifically built into their construction and maintained over a long period of years.

On any question involving choice of grades or other technical details, consult your nearest Republic Distributor or write direct.



THE REPUBLIC RUBBER CO.
YOUNGSTOWN, OHIO

Leadership
IN POLICY, PRODUCT AND PERFORMANCE

Order Republic Rubber Products
From Your Distributor

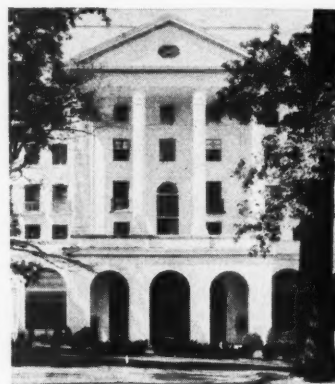
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Repeat

THE TRIP YOU HAVE NEVER FORGOTTEN



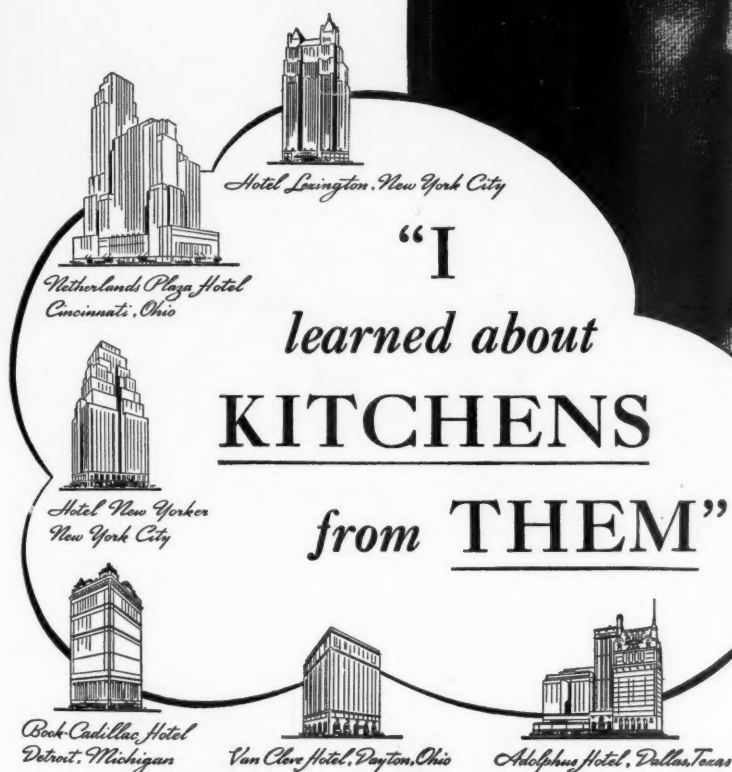
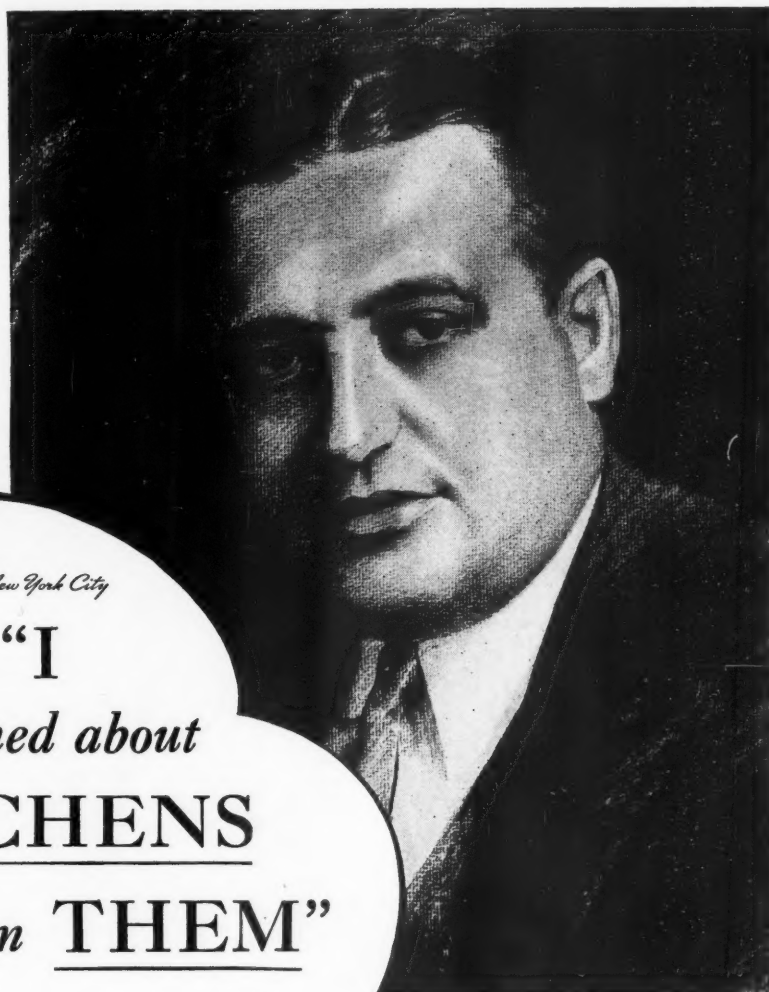
"Nothing like it in the world," was your parting thought when you last

visited White Sulphur...as you solemnly promised yourself a return visit. Was ever a game so "sweet" as the game of golf you played over the gently rolling fairways, or a tennis match so exhilarating as the one you played on The Greenbrier's championship courts? Where—except in your memory—have you found the variety and rugged beauty of the mountain bridle trails at The Greenbrier? Where such a brilliant confluence of cosmopolitan life and vigorous outdoor sports? Your invitation to return is written plainly in the early-summer glory of The Greenbrier's vast estate. Take time enough, this trip, to enjoy it to the full.

**WHITE
SULPHUR SPRINGS**
WEST VIRGINIA

THE GREENBRIER AND COTTAGES
L. R. JOHNSTON, General Manager





MR. RALPH HITZ, President of the National Hotel Management Corporation, explains why he installed a new Monel Metal Sink in his own suite

● You've put a Monel Metal sink in your private suite in the New Yorker, Mr. Hitz. Do you mind telling me why? I've had experience with Monel Metal equipment in a half dozen hotels for years. None of it has ever rusted or worn through. And there isn't any corrosion...no unsightly mass of scratches.

But looks aren't everything, Mr. Hitz.

Right. Few visitors ever see our kitchens, although they're always welcome. But a hotel's manager sees them every day.

He also sees that Monel Metal

doesn't wear off or wear out, doesn't need repairs or replacements, and is easy to keep clean and spotless.

What has all this to do with your personal apartment, Mr. Hitz?

Just this. Part of a hotel's success depends on keeping up to date. Materials have been offered us that seemed almost as good as Monel Metal, and we've tried them. But after a few months they weren't in as good condition as Monel Metal that had been in use for years. So do you wonder that I won't have anything but Monel Metal in my own home?

MANY executives who use Monel Metal in their business...manufacturers of drugs or chemicals, packers or processors of foods, producers of power, owners of laundries, or managers of transportation lines...have installed Monel Metal kitchens in their homes.

If you have not yet begun to use Monel Metal, talk to a member of the Inco staff of engineers. It's their job to help you give Monel Metal a profit-making role in your business. For details, write

THE INTERNATIONAL NICKEL COMPANY, INC.
67 Wall Street New York, N. Y.

Monel Metal



Monel Metal is a registered trademark applied to an alloy containing approximately two-thirds Nickel and one-third copper. Monel Metal is mined, smelted, refined, rolled and marketed solely by International Nickel.



You can make a pause refreshing
around the corner from anywhere



COCA-COLA CO., ATLANTA, GA



WHOEVER YOU ARE, whatever you do...you've got
to pause. Make it mean something. Make it *the pause*
that refreshes with ice-cold Coca-Cola...Everywhere,
ice-cold Coca-Cola invites you to stop a minute and let
its wholesome life and sparkle give you a fresh start.

THE PAUSE THAT REFRESHES

A, GA

got

use

ere,

let

art.

E S